FORM 40-F

Annual reports filed by certain Canadian issuers pursuant to Section 15(d) and Rule 15d-4

Filing Date: **2004-05-18** | Period of Report: **2004-05-10**
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FILER

NORANDA INC

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SIC: **3330** Primary smelting & refining of nonferrous metals

Mailing Address	Business Address
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U.S. Securities and Exchange Commission
Washington, D.C. 20549

Form 40-F

[Check one]

☐ **Registration statement pursuant to section 12 of the Securities Exchange Act of 1934**

OR

☒ **Annual report pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2003 Commission File No. 1-11284

Noranda Inc.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English (if applicable))

Ontario, Canada

(Province or other jurisdiction of incorporation or organization)

1021

(Primary Standard Industrial Classification Code Number (if applicable))

Not Applicable

(I.R.S. Employer Identification Number (if applicable))

BCE Place
181 Bay St., Suite 200
Toronto, Ontario M5J 2T3
Telephone: (416) 982-7111

(Address and telephone number of Registrant's principal executive offices)

CT Corporation System
111 Eighth Avenue
New York, New York 10011
Telephone: (212) 894-8700

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common Shares	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual Information Form ☒ Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Common shares outstanding: 295,227,672

Indicate by check whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the filing number assigned to the Registrant in connection with such Rule.

Yes _____ No __X__

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No _____

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Annual Report on Form 40-F constitute "forward-looking statements" within the meaning of Section 21E of the Exchange Act. Such statements represent the Registrant's internal projections, expectations or beliefs concerning, among other things, future operating results and various components thereof, or the Registrant's future economic performance.

The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties which may cause the Registrant's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, volatility of commodity metal prices, foreign currency risks, fluctuations in copper treatment and refining fees, supply and demand in the market for sulphuric acid, risks inherent in the Registrant's procurement of raw materials, changes in production and processing technology, imprecision in estimating the timing, costs and levels of production associated with mining properties, uninsurable risks inherent in the mining business, the Registrant's ability to replace and expand mineral reserves, imprecision of mineral reserves and recovery estimates, political and economic conditions in the countries in which the Registrant operates, changes in Canadian and foreign laws and regulations, the Registrant's ability to maintain good relations with its employees, general economic and business conditions, and such other risks and uncertainties described from time to time in the Registrant's reports and filings with the Canadian and other securities authorities. Accordingly, the Registrant cautions that events or circumstances could cause actual results to differ materially from those predicted.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. As of December 31, 2003, an evaluation of the effectiveness of the issuer's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15a-15(e) of the Exchange Act) was carried out by our management, under the supervision of, and with the participation of, our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Based upon that evaluation, the CEO and CFO concluded that as of such date our disclosure controls and procedures were effective such that information relating to us, including our consolidated subsidiaries, required to be disclosed by us in the reports we file or submit under the Exchange Act (a) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (b) is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding disclosure.

Changes in internal control over financial reporting. There have been no changes in our internal control over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that it has two audit committee financial experts serving on its audit committee, namely, André Bérard and A.L. (Al) Flood. They are "independent" as that term is defined for purposes of audit committee member independence under the corporate governance standards of the New York Stock Exchange. The Securities and Exchange Commission has indicated that the designation of an audit committee financial expert does not make that person an "expert" for any purpose, impose any duties, obligations or liability on that person that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation or affect the duties, obligations or liabilities or any other member of the audit committee.

CODE OF ETHICS

We have adopted a code of ethics that applies to our President and CEO and our Executive Vice-President and CFO. The latter is also our principal accounting officer. A copy of our code, entitled "Code of Ethics", can be found on the "Corporate Governance" page of our website at www.noranda.com.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

Provision of Non-Audit Services by the Auditor

Ernst & Young LLP and its respective affiliates (collectively "Ernst & Young") are our auditors. From time to time, Ernst & Young also provides non-audit services to us and our subsidiaries. It is our policy not to engage our auditors to provide services in connection with financial information systems design and implementation or other services that may impair the objectivity of the auditors. We have implemented a procedure to ensure that any engagement of the auditors for non-audit services receives prior clearance by the Audit Committee. At the beginning of each year, the Audit Committee approves the proposed services, including the nature, type and scope of services contemplated and related fees, to be rendered by these firms during the year. In addition, Audit Committee pre-approval is also required for those engagements that may arise during the course of the year that are outside the scope of the initial services and fees pre-approved by the Audit Committee. In approving any such engagement, the Audit Committee will consider whether the provision of such non-audit services is compatible with maintaining Ernst & Young's independence.

Fees Paid to the Auditor

The table below summarizes the fees paid in Canadian dollars to Ernst & Young for the years indicated:

	2003	2002
Audit fees	$ 2,329,690	$ 2,387,822
Audit-related fees	166,255	280,632
Tax fees	586,550	845,598
All other fees	3,111	–
Total	$ 3,085,606	$ 3,514,052

Note: On December 31, 2003, the exchange rate between U.S. dollars and Canadian dollars based on the inverse of the noon buying rate in the City of New York for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York was U.S.$0.7738 per Cdn$1.00. On December 31, 2002, the comparable exchange rate was U.S.$0.6329 per Cdn$1.00.

Details of the fees paid to Ernst & Young are provided below:

Audit Fees

Audit fees include fees for the annual financial statement audit of us and certain of our subsidiaries. The fees also include the review of our unaudited interim financial statements, as well as fees relating to regulatory filings.

Audit-Related Fees

Audit related fees are fees for services provided by Ernst & Young that are reasonably related to its role as auditor and include fees for audits of our employee benefit funds and advice on accounting standards and other specific transactions.

Tax Fees

Tax fees include fees for tax compliance, tax advice and tax planning, including expatriate tax services.

All Other Fees

All other fees include fees those for all other support and advisory services.

Consideration of Independence

Ernst & Young has advised the Audit Committee that it considers itself to be independent of us, and the Audit Committee has confirmed that it considers Ernst & Young to be independent.

OFF-BALANCE SHEET ARRANGEMENTS

The Registrant does not have any unconsolidated affiliates. It does not enter into off-balance sheet arrangements with special purpose entities in the normal course of business. The Registrant's only significant off-balance sheet arrangements are the Canadian dollar expenditure hedges discussed below.

The Registrant uses forward foreign exchange and option contracts to hedge the effect of exchange rate changes on identifiable foreign currency exposures. It hedges up to 50% of its current year Canadian dollar operating cost and 25% of the subsequent year. The Registrant may enter into futures and forward contracts for the purchase or sale of currencies not designated as hedges. These contracts are carried at estimated fair values and gains or losses arising from the changes in the market values of these contracts recognized in the earnings of the period in which the changes occur. A summary of these positions is tabled below.

$ millions	**2004**		**2005 & beyond**		**Totals as at March 31, 2004**			
	Amount Cdn$	**Rate**	**Amount Cdn$**	**Rate**	**Amount Cdn$**	**Rate**	**Unrealized Gain/(loss) US$**	**YTD Realized Gain/(loss) US$**
Noranda Inc.	$ 171	1.5120	$ 236	1.5022	$ 407	1.5063	$ 38	$ 6
Falconbridge Limited (subsidiary)	$ 246	1.5489	$ 274	1.3835	$ 521	1.4572	$ 38	$ 19
Total	$ 417	1.5338	$ 510	1.4384	$ 928	1.4787	$ 76	$ 25

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

A tabular disclosure of the Registrant's contractual obligations as of December 31, 2003 follows:

(US$, millions)	Significant obligations by year due				
Nature of Obligation	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years	Total
Long-term debt	432	876	356	1,644	3,308
Asset retirement obligation[(1)]	48	83	51	1,266	1,448
Employee future benefits[(2)]	–	–	–	461	461
Capital leases	1	3	2	8	14
Operating leases	35	51	34	31	151
Total contractual obligations	516	1,013	443	3,410	5,382

(1) The obligation for the retirement of assets represents the estimated undiscounted cash spending forecast for a period of 50 years, except for the Collahuasi site in Chile which extends to 2066.

(2) The obligation for employee future benefits represents the unfunded obligation as of December 31, 2003. Due to the nature of the obligation for employees' future benefits, the timing of the settlement of this liability is not readily determinable.

Purchase Obligations:

The Registrant has entered into a 15-year supply and processing agreement with the Noranda Income Fund, whereby it has committed to sell up to 550,000 tonnes of zinc concentrate annually, at market terms less a fixed treatment charge.

The Registrant has entered into a power supply contract with Brascan Energy Marketing Inc., whereby it has agreed to purchase at negotiated market terms up to 490 MWh of electricity annually for a two-year period ending June 2005.

The Registrant has entered into purchase agreements with Compania Minera Antamina S.A. ("Antamina"), whereby it will purchase under set conditions defined copper and zinc concentrate volumes from Antamina's production, at negotiated market terms, over a period extending to 2014.

Other Long-term Obligations:

Under an agreement with the Noranda Income Fund, the Registrant will manage the processing facility on a cost-recovery basis plus a set management fee over a 15-year period. Similarly, the Registrant acts as an agent for the sale of the facility's zinc production.

IDENTIFICATION OF THE AUDIT COMMITTEE

We have an audit committee which is presently composed of the following directors: A.L. (Al) Flood (Chairman), André Bérard, Norman R. Gish and Frank J. McKenna.

UNDERTAKING

Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

NORANDA INC.
Registrant

By: /s/ JEFFERY A. SNOW
Jeffery A. Snow, Senior Vice-President and General Counsel

Date May 17, 2004

Exhibits

1. Annual Information Form of Noranda Inc. dated May 10, 2004.

2. The audited Consolidated Financial Statements for the fiscal year ended December 31, 2003 and the accompanying Management's Discussion and Analysis of Noranda Inc. appearing on pages 36 to 65 and page 17 to 35, respectively, of the Noranda Inc. 2003 Annual Report, which are incorporated by reference into the Annual Information Form of Noranda Inc.

3. Consent of Ernst & Young LLP.

4. Certification of Derek Pannell, Chief Executive Officer, pursuant to Rule 13a-14.

5. Certification of Steven Douglas, Chief Financial Officer, pursuant to Rule 13a-14.

6. Certification of Derek Pannell, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

7. Certification of Steven Douglas, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

QuickLinks

EXHIBIT 1

Annual Information Form of Noranda Inc. dated May 10, 2004

ANNUAL INFORMATION FORM

NORANDA INC.

May 10, 2004

CONTENTS

Certain definitions and metric imperial conversion table

Wherever referred to in this Annual Information Form:	Metric Unit	Metric Symbol	Imperial Equivalent
"kg" means kilogram	Tonne	mt	1.102311 tons
"lb" means pound	Kilogram	kg	2.20462 pounds
"oz" means troy ounces	Gram	g	0.032151 troy ounces
"tonne" or "mt" means 1,000 kilograms	Metre	m	3.2808 feet
	Cubic metre	m^3	35.315 cubic feet
	Kilometre	km	0.6214 miles

A glossary of terms is set forth in Part 12 of this Annual Information Form.

Exchange Rate Data

We have historically published our consolidated financial statements in Canadian dollars. Effective July 1, 2003, we began reporting our financial results in U.S. dollars. In this Annual Information Form, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in United States dollars and references to $ or "US$" are to United States dollars and references to "Cdn$" are to Canadian dollars.

The following table sets forth, for each period indicated, information concerning the exchange rates between U.S. dollars and Canadian dollars based on the noon buying rate in the City of New York for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York (the "noon buying rate"). The table illustrates how many Canadian dollars it would take to buy one United States dollar.

	Year Ended December 31,		
	2001	2002	2003
Low	1.4933	1.5108	1.2923
High	1.6023	1.6128	1.5750
Average[(1)]	1.5519	1.5702	1.3916
Period End	1.5925	1.5800	1.2923

Notes:

(1) The average of the daily noon buying rates on the last business day of each month during the applicable period.

1. CORPORATE PROFILE

Noranda Inc. is an integrated mining and metals company. Its principal business is the ownership and operation of mining and metallurgical assets and the addition of value through the development and operation of these assets. Noranda is engaged primarily in the production of copper and nickel, and also in the production of zinc, primary and fabricated aluminum, lead, silver, gold, sulphuric acid and cobalt. Noranda is also engaged in the recycling of secondary copper, nickel and precious metals. The head and principal office of Noranda Inc. is located at BCE Place, 181 Bay Street, Suite 200, Toronto, Ontario, Canada M5J 2T3.

In this Annual Information Form, Noranda Inc. and its wholly-owned subsidiaries may be referred to individually or collectively as the "Company", "we", "us" or "ours" and the Company, together with its other subsidiaries, associates and joint ventures, may be referred to as "Noranda".

2. INCORPORATION

Noranda Inc. was incorporated under the Business Corporations Act (Ontario) by restated articles of incorporation dated December 31, 1998. Those articles reflect Noranda Inc.'s distribution to its common shareholders of its interests in Noranda Forest Inc. (now Nexfor Inc.) and Canadian Hunter Exploration Ltd. effective as of such date. Noranda Inc.'s earliest predecessor was incorporated in 1922.

Our principal subsidiaries as of December 31, 2003, their jurisdictions of incorporation, continuance, or organization and the percentage of voting securities we own, directly or indirectly, are set out below:

Principal Subsidiaries

Company	Jurisdiction of Incorporation	Percentage of Voting Securities
Falconbridge Limited[(1)] ("Falconbridge")	Ontario	59.2
Magnola Metallurgy Inc.	Canada	80.0
Noranda Aluminum, Inc.	Delaware	100.0
Noranda Chile Limitada	Chile	100.0
Noranda Finance Inc.	Delaware	100.0
Noranda Magnesium Inc.	Delaware	100.0
Noranda Sales, Inc.	Delaware	100.0
Norandal USA, Inc. ("Norandal")	Delaware	100.0
Novicourt Inc.[(2)] ("Novicourt")	Québec	62.1
American Racing Equipment, Inc.	Delaware	100.0
Compañía Minera Antamina S.A.	Peru	33.75
Norfalco LLC[(3)]	Delaware	65
Noranda Income Fund[(4)]	Ontario	25

Brascan Corporation ("Brascan"), together with its associated companies, holds approximately 41.4% of Noranda Inc.'s outstanding common shares.

Notes:

(1) The common shares of Falconbridge are listed and posted for trading on the Toronto Stock Exchange.

(2) The common shares of Novicourt are listed and posted for trading on the Toronto Stock Exchange.

(3) Until June 29th, 2001, the Company and E.I. du Pont de Nemours and Company ("DuPont") each held a 50% voting interest in Noranda DuPont LLC, at which time DuPont's interests in Noranda DuPont LLC were redeemed. Falconbridge owns the remaining 35% of the outstanding voting securities of NorFalco.

(4) Noranda Income Fund is a trust formed under the laws of Ontario, which indirectly owns the CEZ zinc processing facility in Valleyfield Québec.

3. GENERAL BUSINESS DEVELOPMENTS

3.1 Three-Year History

2001

Noranda Inc.'s consolidated net loss for the year ended December 31, 2001 was $60 million. Approximately $214 million of the earnings decline was due to significantly lower metal prices and lower sales volumes resulting from the deterioration of the global economy. Revenue was also affected by a strike at the Falconbridge Sudbury facilities and a voluntary production cutback at the Falcondo ferronickel facility in the Dominican Republic (21,700 tonnes in 2001 down from 27,800 tonnes in 2000). Major developments in 2001 included:

The signing of new three-year collective agreements at our former CEZ refinery and our CCR copper refinery;

The increase in our ownership of Falconbridge Limited to 55.48% under normal course market purchases over the facilities of the Toronto Stock Exchange;

The closure of our Gaspé smelter in response to weak market conditions, high copper inventories and historic lows for concentrate treatment fees and metal prices;

The subsequent reduction of Noranda's copper smelting capacity by approximately 15%;

The investment of approximately $10 million in environmental improvements aimed at reducing sulphur dioxide and particulate emissions at the Horne copper smelter;

The consolidation of production at American Racing Equipment Inc., a wholly-owned subsidiary of Noranda, through the closure of its Warsaw, Kentucky manufacturing facility and the transfer of that plant's production to other manufacturing facilities of the Company;

The closure of our Bathurst, New Brunswick exploration office as part of a major company-wide cost reduction initiative, including the reduction of Noranda's global exploration budget by $16 million;

The achievement of commercial production at the Antamina copper-zinc mine;

The announcement by the Company and Falconbridge of the signing of a definitive agreement with Boliden Limited to purchase the Lomas Bayas mine. Falconbridge assumed 100% ownership of Lomas Bayas;

The purchase of the El Pachón deposit located in central western Argentina from Cambior Inc. and Minera S.A.;

The filing of an Environmental Impact Study by Proyecto Alumysa Ltda., an affiliate of a subsidiary of Noranda, for the construction of an aluminum reduction plant and its related hydroelectric facilities in Region XI in Chile;

The listing of Noranda Inc.'s common shares on the New York Stock Exchange and the change of its common share stock symbol to "NRD";

The expansion of Noranda's electronic hardware recycling business with Hewlett-Packard through the opening of a 140,000 square-foot facility in Tennessee;

The sale of Noranda's interest in Newmont Mining Corporation for gross proceeds of $160 million;

The creation of NorFalco LLC (owned 65% by Noranda and 35% by Falconbridge), formerly a joint venture between the Company and E.I. Du Pont de Nemours and Company ("DuPont") by the name of Noranda DuPont LLC. DuPont's interest in Noranda DuPont LLC was redeemed, and Falconbridge acquired a 35% interest in NorFalco LLC;

The increase of our ownership in Novicourt to approximately 62.1% under normal course market purchases over the facilities of the Toronto Stock Exchange; and

The appointments of David W. Kerr as Chairman and Chief Executive Officer and Derek G. Pannell as President and Chief Operating Officer.

2002

Noranda Inc.'s consolidated net loss for the year ended December 31, 2002 was $447 million. The Company's financial results for 2002 were negatively impacted by a $520 million pre-tax write-down of the magnesium plant, restructuring provisions and the labour strike at the Horne Smelter that commenced in June 2002.

Major developments in 2002 included:

The announcement by Noranda of its intention to align some of its activities more closely with its subsidiary, Falconbridge;

The announcement by Noranda of the appointment of senior executives responsible for the Copper Business Unit, based in Santiago, Chile and the Canadian Copper and Recycling Business Unit. The Company subsequently made a number of other executive appointments, including the leaders of the other business units with assets owned by Falconbridge and Noranda, and of new functional heads;

The permanent closure of the Gaspé copper smelter in Murdochville, Québec;

The initial public offering of 22,500,000 Priority Units of the Noranda Income Fund (the "Fund") at a price of Cdn$10.00 per unit. During May 2002, Noranda sold an additional 3,015,100 Priority Units of the Fund. The net proceeds to Noranda from these public offerings of units of the Fund were $263 million;

The appointment of Derek Pannell as President and Chief Executive Officer of Noranda Inc. Mr. Pannell was succeeded as President and Chief Executive Officer of Falconbridge by Aaron Regent, formerly Executive Vice-President and Chief Financial Officer of Noranda;

The appointment of Lars-Eric Johansson as Executive Vice-President and Chief Financial Officer. Mr. Johansson was formerly Senior Vice-President and Chief Financial Officer of Falconbridge Limited;

The issue and sale on June 24, 2002 of $300 million aggregate principal amount of senior unsecured 10-year notes under the Company's existing shelf prospectus;

The strike by the unionized employees at the Horne copper smelter in Rouyn-Noranda, in Northwestern Québec, on June 18, 2002. Their collective agreement expired at the end of February 2002. The employees are members of Le syndicat des travailleurs de la Mine Noranda, affiliated with the Québec Confederation of National Unions. The strike was settled on May 7, 2003 and a new three year collective agreement took effect. Workers returned to work in early June of 2003;

The approval by the Board of Directors of Compañía Minera Dona Inés de Collahuasi, 44%-owned by Falconbridge, of the expansion of the concentrator at the Collahuasi mine from 60,000 tonnes per day to 110,000 tonnes per day;

The announcement by Noranda that the Brunswick Smelter would be operated on an 8-month seasonal basis with shutdowns for four consecutive months each year, beginning in July 2003;

The announcement by Noranda that it would postpone the development of its Perseverance zinc deposit, located near Matagami, in Northern Québec;

The recording by the Company of an impairment charge to reduce the carrying value of its Magnola magnesium plant by $520 million ($404 million after tax) (see "2003" below); and

The signing by Noranda of new collective agreements in respect of its operations at:

- Nikkelverk
- Matagami operations
- Noranda's Newport Rolling Mill
- New Madrid Primary Reduction Plant
- General Smelting of Canada (Lachine, Quebec)
- Kidd Creek Metallurgical operations
- Falcondo operations
- Raglan operations

2003

Noranda Inc. returned to profitability in 2003, with consolidated net earnings for the period ended December 31, 2003 of $34 million. Major developments in 2003 included:

The announcement by Noranda of its plans to rationalize its magnesium business and the temporary shutdown of its Magnola magnesium plant in Danville, Québec, as a result of adverse market conditions. The plant was closed in April 2003 and was expected to remain closed until market conditions improved. A further $33 million pre-tax charge related to costs incurred to shut down the plant was recorded in 2003;

The Altonorte smelter, in Chile, completed a major modernization and $170 million Phase 3 expansion project;

The public offering by Noranda Inc. of 6,000,000 Cumulative Redeemable Preferred Shares, Series H with a quarterly cumulative dividend at a rate of 6.25% per annum (the "Series H Shares") for gross proceeds of Cdn$150 million;

The private placement by Noranda Inc. of 6,000,000 Cumulative Preferred Shares, Series I with a quarterly cumulative dividend at a rate of 8% per annum (the "Series I Shares") for gross proceeds of Cdn$150 million. All of the Series I Shares were purchased by Brascan pursuant to the exercise by the Company of a put option previously granted by Brascan. The Series I Shares were redeemed by Noranda Inc. in August 2003 in accordance with their terms;

The purchase by Noranda Inc. of the 3.3% net proceeds interest relating to the Antamina copper and zinc mine in Peru from Inmet Mining Corporation for $22.5 million. The purchase was completed under a put-call agreement entered into between the companies in February 2002;

The Company completed the following transactions, among others, as part of its recapitalization plan to improve the Company's balance sheet by reducing debt:

The reduction of Noranda Inc.'s quarterly dividend from Cdn$0.20 per share to Cdn$0.12 per share;

The release of guarantees of Noranda Inc. in the amount of $442 million on July 1, 2003 with respect to the Antamina project loan by converting these facilities to a non-recourse basis;

In July 2003, the secondary offering of Noranda Inc.'s remaining 11,984,900 Priority Units of the Noranda Income Fund for gross proceeds of approximately $84 million. Subsequent to the offering, Noranda Inc. retains a 25% interest in the Noranda Income Fund through its holding of Ordinary Units of Noranda Income Limited Partnership, which are exchangeable on a one for one basis for Priority Units of Noranda Income Fund upon the occurrence of certain events;

In August 2003, the issue and sale of 28.52 million common shares of Noranda Inc. to a syndicate of underwriters and of 20 million common shares to Brascan, for total net proceeds of approximately Cdn$601 million. The outstanding Series I Shares were redeemed as part of this transaction; and

The issue and sale in September 2003, of 12-year 6% unsecured notes of Noranda Inc. in an aggregate principal amount of $350 million.

The announcement by the Company that the ore reserves at the Bell Allard zinc mine in Matagami, Québec will be depleted in 2004 and that operations at the Bell Allard mine would cease in the fourth quarter of 2004;

The retirement of Lars-Eric Johansson from his position as Executive Vice-President and Chief Financial Officer of Noranda Inc. and the appointment of Steven Douglas, previously the Executive Vice-President and Chief Financial Officer of real estate company Brookfield Properties Corporation, as his successor; and

The signing by Noranda Inc. of new collective agreements in respect of its operations at:

- Brunswick Mine
- Brunswick Smelter
- Brunswick Smelter Bulk Handling
- General Smelting
- Horne
- Lomas Bayas
- Antamina
- Norandal Salisbury
- Noranda Recycling − Roseville
- Altonorte

2004 (up to April 30, 2004)

Major developments since the end of 2003 include the completion, in March 2004, of $290 million in bank credit facilities. These facilities provide the Company with credit on a three year revolving basis and contain financial covenants.

3.2 Principal Products

Noranda's principal products are copper, nickel, zinc and aluminum. These metals accounted for approximately 72% of Noranda's consolidated revenues for the year ended December 31, 2003, with the balance coming from by-products and co-products that include silver, gold, platinum group metals, lead, selenium, tellurium, cadmium, indium, cobalt, nickel sulphate and sulphuric acid.

The principal markets for Noranda's products include the steel, refinery and foundry, construction, telecommunications, automotive, agricultural and chemical industries. The United States was the principal market for Noranda's products in 2003, accounting for 36% of consolidated sales (2002 − 43%), with Canada accounting for 18% of consolidated sales (2002 − 19%), Europe 26% of consolidated sales (2002 − 24%) and other countries 20% of consolidated sales (2002 − 14%).

Principal Metals

Copper

Copper is a metal with inherent characteristics of excellent electrical conductivity, heat transfer and resistance to corrosion. The principal use of copper is for electrical wire and cable products, a sector which consumes approximately 60% of all refined copper. Other significant end-use markets are tubing for plumbing and air-conditioning and copper alloy strips and rods used in the electrical/electronic, construction and transportation markets.

The Company markets copper cathodes directly to producers of industrial products from its CCR refinery in Montreal-East, Québec. Noranda Chile also markets cathodes made available via toll refining agreements with Altonorte anodes. The Company acts as the marketing agent for cathodes produced at the Kidd Creek refinery in Timmins, Ontario as well as for the Lomas Bayas operation in Chile, both owned by Falconbridge. Altogether, sales of copper metal cathodes in 2003 were made to more than 50 customers in six countries. Approximately 80% of Noranda's sales of copper metal in 2003 were made in North America and the balance was made in Europe and Asia. Noranda Chile produces approximately 280,000 tonnes of copper anodes per year that are sold in Canada, Chile and Europe.

Copper production is heavily dependent on mine concentrates and secondary recycled materials purchased from third parties. Mine concentrates are sourced globally while recycled materials are primarily of North American origin. In 2003, more than two thirds of Noranda's Horne and Altonorte smelters' primary feedstocks came from third parties while the Kidd Creek facilities purchased 40% from outside sources. In addition, approximately 10% of Noranda's Horne smelter's feed tonnage came from recycled electronics and other copper and precious metal-bearing secondary materials, which were sourced from third parties.

Antamina copper concentrates are sold to customers globally.

Nickel

Nickel is a metal with the characteristics of corrosion resistance, high strength over a wide range of temperatures, and high ductility. The principal uses for nickel include stainless steel, nickel-based alloys, electroplating, low-alloy steel, foundry products and copper-based alloys. Nickel is also used in batteries and catalysts.

Noranda markets and sells nickel and ferronickel to customers in 31 countries through its subsidiary, Falconbridge. Its largest markets are Western Europe, the United States and Asia/Pacific, which in 2003 accounted for 49%, 23% and 27%, respectively, of total nickel sales.

Zinc

Zinc is used in a wide range of industries. Its major use, accounting for approximately 60% of total consumption in North America, is for galvanizing steel sold to the construction and automobile industries. Galvanizing involves coating steel with zinc to protect the steel from corrosion. Zinc is also used in the production of die-cast alloys for precision machine parts, brass alloys used in a wide range of industrial parts and household wares, and zinc powders, oxides and dusts used in the manufacture of batteries, tires and pigments.

Noranda acts as the marketing agent for Falconbridge's Kidd Creek operations and for the Noranda Income Fund's CEZ refinery. Most of the production from these facilities is sold directly to the steel industry and other major consumers of zinc. The CEZ refinery and Falconbridge are jointly a major supplier of zinc metal, accounting for approximately 5.5% of total western world refined production in 2003. In 2003, over 95% of Noranda's consolidated sales of zinc on behalf of Kidd Creek and the CEZ refinery were in North America, with the balance sold to customers in Europe and Asia Pacific. The galvanizing sector represented 60% of Noranda's consolidated zinc sales on behalf of Kidd Creek and the CEZ refinery in 2003.

Zinc production also is dependent on concentrate. The raw material feed stream for the CEZ and Kidd Creek zinc refineries is managed through a combination of third-party purchases and the integrated mine production of the Company and Falconbridge. This allowed Noranda to take advantage of transportation, cost differentials and the treatment capabilities of its refineries. Concentrate purchases originate with both local mines and, subject to market conditions, foreign mines.

Antamina zinc concentrates are sold to customers in Japan, Europe, Canada, Korea, Australia and Peru.

Other Metal Products

Lead Metal

Over 70% of all lead metal is used in the production of lead-acid batteries for the automotive industry and back-up power systems for the computer and telecommunications markets.

The Company is engaged in the mining of lead and the refining and recycling of lead metal at its wholly-owned Brunswick Mine and Brunswick Smelter. The marketing of lead metal and its alloys is carried out from offices in Toronto, Cleveland, Ohio and Zug, Switzerland. In 2003, approximately 90% of Noranda's consolidated lead metal sales were made in Canada and the United States.

As is the case for copper and zinc production, lead production is dependent on concentrate. In 2003, approximately 55% of the Brunswick lead smelter feed was supplied by Noranda's Brunswick Mine, with the balance sourced from lead/silver foreign concentrates and metal-bearing residues.

Aluminum

Aluminum is a metal with many desirable characteristics. It is ductile, malleable and an efficient conductor of heat and electricity. Although very reactive chemically, aluminum resists corrosion and has a high strength-to-weight ratio.

Alumina (aluminum oxide) is produced from bauxite, the basic aluminum-bearing ore, by a chemical process. Aluminum is, in turn, produced from alumina by an electrolytic process which uses large quantities of electrical energy to separate the aluminum from the oxygen in alumina. The smelting of one tonne of aluminum requires between 14 and 18.5 megawatt-hours of electric energy. Depending upon quality, between four and five tonnes of bauxite are required to produce approximately two tonnes of alumina, which yield approximately one tonne of aluminum.

Our aluminum products include primary aluminum in the form of 1,500 lb. standard ingots (sows), billet, electrical conductor rod and foundry alloy. Our aluminum fabricated products include fin stock for the air conditioning, refrigeration and automotive industries; converter foil used in flexible packaging for the food, juice and pharmaceutical industries; conductor strip for transformers; and household foil and automotive wheels.

In 2003, 94% of Noranda's consolidated aluminum sales were made in North America.

Sulphuric Acid

Sulphur dioxide gas is a by-product of smelting and refining operations. Most of the sulphur dioxide gas produced at Noranda's Canadian and Chilean smelters is captured before stack emission and converted into sulphuric acid or liquid sulphur dioxide in order to comply with sulphur dioxide emission limits. The Canadian sulphuric acid production is sold to NorFalco, which markets, transports and distributes sulphuric acid in North America. In 2003, NorFalco and its wholly-owned Canadian subsidiary marketed approximately 1.8 million tonnes of sulphuric acid from Noranda, Falconbridge and third-party suppliers. Sulphuric acid produced at Noranda's Chilean smelter is sold by Noranda Chile Ltda. locally to mining companies using this product for their copper leaching operations.

Magnesium

Noranda's Danville Québec magnesium plant has a design capacity of 58,000 tonnes of pure and alloy magnesium products and is owned 80% by Noranda and 20% by Société générale de financement du Québec. As a result of market conditions, the Company temporarily shutdown these facilities in 2003.

Magnesium is classified as a light metal. By volume, it is approximately two-thirds the weight of aluminum and one quarter the weight of steel. Magnesium is used in several applications, including the production of aluminum alloys typically containing between 0.5% and 3.5% magnesium (can stock for aluminum beverage containers is the largest application) and die-casting of component parts for the automotive, electronics and manufacturing industries. Magnesium die-cast alloys have excellent strength-to-weight ratios and are attractive for many applications.

Metals Marketing

The Company's marketing and sales strategy is to sell our production at prices that are equal to or greater than the average cash price reported on Comex, the LME or other relevant terminal markets. Premiums above the Comex or LME settlement price are negotiated based on product form and quality, packaging, delivery terms, supply commitments, delivery location and availability of product. For the intermediate copper products sold by Noranda Chile Ltda. (blister and anodes), discounts are negotiated periodically from LME prices which largely reflect inherent third party processing charges. For products for which there is no terminal market, our objective is to obtain prices that equal or exceed benchmarks that reflect the average price realized in the marketplace.

The Company procures custom feed materials for processing in its metallurgical facilities. In order to minimize metal price risk exposure on purchased metals and fluctuations in inventory levels, and to obtain the average Comex/LME prices or better, the Company employs the use of derivatives in the form of forward or options contracts to hedge these risks. Generally, we do not hedge the price we realize on the sale of our own production, and accept prices based on the market price prevailing around the time of delivery of these metals. From time to time, however, we may fix the metal price associated with our own future production to lock in certain profits or cash flows.

Fluctuations in currency exchange rates, principally the Canadian/US dollar exchange rate, significantly affect our earnings and cash flows. Most of our debt is denominated in US dollars, whereas a significant portion of our Canadian operating costs are incurred in Canadian dollars.

3.3 Trends, Risks and Uncertainties

Fluctuating Metal Prices

As substantially all of Noranda's revenues are derived from the sale of copper, nickel, zinc and aluminum, our earnings are directly related to fluctuations in the prices of these metals. The prices of these metals are subject to volatile price movements over short periods of time. Noranda generally does not hedge prices of the metals it produces. Market prices can be affected by numerous factors beyond Noranda's control, including expectations for inflation, speculative activities, relative exchange rates to the US dollar, production activities of Noranda's competitors, global and regional demand and supply, political and economic conditions including availability of subsidies and tax incentives to our competitors and production costs in major producing regions. The prices for copper, nickel or other metals produced by Noranda may decline significantly from current levels. A reduction in the prices of one or more of these metals could materially adversely affect the value and amount of Noranda's reserves and its business, financial condition, liquidity and results of operations.

Mining and Processing Risks

The business of mining and processing of metals is generally subject to a number of risks and hazards, including unusual or unexpected geological conditions, ground conditions, phenomena such as inclement weather conditions, floods and earthquakes and the handling of hazardous substances and emissions of contaminants. Such risks and hazards could result in personal injury or death, damage to, or destruction of, mineral properties, processing or production facilities or the environment, monetary losses and possible legal liability. Noranda's business, financial condition, liquidity and results of operation could be materially adversely affected if any of these developments were to occur.

Although Noranda maintains insurance to cover some of these risks and hazards to the extent available that Noranda believes is consistent with the industry practice, no assurance can be given that such insurance will continue to be available, or that it will be available at economically feasible premiums. Noranda's property, business interruption and liability insurance may not provide sufficient coverage for losses related to these or other risks or hazards. In such event, Noranda's business, financial condition, liquidity and results of operations could be materially adversely affected.

Environmental Risks

Environmental legislation affects nearly all aspects of Noranda's operations worldwide. This type of legislation requires Noranda to obtain operating licenses and imposes standards and controls on activities relating to mining, exploration, development, production, closure and the refining, distribution and marketing of nickel and other metals products. Environmental assessments are required before initiating most new products or undertaking significant changes to existing operations. Compliance with environmental legislation can require significant expenditures, including expenditures for clean up costs and damages arising out of contaminated properties. In addition to current requirements, Noranda expects that additional environmental regulations will likely be implemented to protect the environment and quality of life, given issues of sustainable development and other similar requirements which governmental and supragovernmental organizations and other bodies have been pursuing. Some of the issues currently under review by environmental regulatory agencies include reducing or stabilizing various emissions, including sulphur dioxide and greenhouse gas emissions, mine reclamation and restoration, and water, air and soil quality.

Canada ratified the Kyoto Protocol to the United Nations Framework Convention on Climate Change in late 2002. The protocol has not entered into force but may do so in the future. Various levels of government in Canada are developing a number of policy measures in order to meet Canada's emission reduction obligations under the protocol. While the impact of the protocol and measures cannot be quantified at this time, the likely effect will be to increase costs for fossil fuels, electricity and transportation, restrict industrial emission levels, impose added costs for emissions in excess of permitted levels and increase costs for monitoring and reporting. Compliance with these initiatives could have a material adverse effect on Noranda's business, financial condition, liquidity and results of operations.

Further changes in environmental laws, new information on existing environmental conditions or other events, including legal proceedings brought based upon such conditions or an inability to obtain necessary permits, could have a material adverse effect on product demand, product quality and methods of production and distribution or could require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on Noranda's business, financial condition, liquidity and results of operations.

Failure to comply with environmental legislation may result in the imposition of fines and penalties, liability for clean up costs, damages and the loss of important permits. There can be no assurance that Noranda will at all times be in compliance with all environmental regulations or that steps to bring Noranda into compliance would not materially adversely affect Noranda's business, financial condition, liquidity and results of operations.

In view of the uncertainties concerning future removal and site restoration costs on Noranda's properties, the ultimate costs for future removal and site restoration to Noranda could differ from the amounts estimated. The estimate for this future liability is subject to change based on amendments to applicable laws and legislation, the nature of ongoing operations and technological innovations. Future changes, if any, due to their nature and unpredictability, could have a significant impact and would be reflected prospectively as a change in an accounting estimate.

In addition, regulatory authorities in various jurisdictions around the world may require Noranda to post financial security to secure in whole or in part future reclamation and restoration obligations in such jurisdictions. In some instances, Noranda has already provided this security. In other instances, such security may be required to be posted upon the occurrence of certain events including if Noranda ceases to maintain a minimum investment grade credit rating, if the regulatory authority ceases to accept alternative forms of comfort to secure the obligation or as a property nears the end of its operation. Although the posting of this security does not increase the future reclamation and restoration costs (other than costs associated with posting such security), a portion of Noranda's credit may be required to back up these commitments, which could affect Noranda's liquidity.

Labour Relations

Collective agreements covering our unionized employees at CEZ (operators and effluent treatment plant operators), Matagami, CCR (Plant workers), CCR (Security guards), Noranda Recycling − Roseville (operators and machinist), Micro Metallics − San Jose, Nikkelverk, Collahuasi, and American Racing Equipment will expire in 2004. Collective agreements covering our unionized hourly employees at Brunswick Mine, Brunswick Smelter, Brunswick Smelter Bulk Handling, General Smelting, Horne Smelter, Kidd Metallurgical Division, Raglan Operations, Falcondo, Lomas Bayas, Altonorte, Antamina, New Madrid, Norandal Newport and Norandal Salisbury are currently in place and will expire between 2005 and 2007. We cannot predict at this time whether we will be able to reach new collective agreements with these or other employees without a work stoppage. The Collective Agreement covering the Production and Maintenance employees at Falconbridge's Sudbury Operations was ratified on February 21, 2004 after a three week strike and will expire on January 31, 2007. A new Collective Agreement covering the Office, Clerical & Technical at Falconbridge's Sudbury Operations was signed in February 2004 and will expire on February 28, 2007.

Any lengthy work interruptions could materially adversely affect our business, financial condition, liquidity and results of operations.

Uncertainty of Reserve Estimates and Production Estimates

Noranda's reported ore reserves as of year-end 2003 are estimated quantities of proven and probable ore that under present and anticipated conditions can be legally and economically mined and processed by the extraction of their mineral content. Noranda determines the amount of its ore reserves in accordance with the requirements of the applicable Canadian securities regulatory authorities and established mining standards. Noranda does not use outside sources to verify its reserves. The volume and grade of reserves actually recovered and rates of production from Noranda's present ore reserves may be less than geological measurements of the reserves. Market price fluctuations in nickel, copper, other metals and exchange rates, and changes in operating and capital costs may in the future render certain ore reserves uneconomic to mine. In addition, short-term operating factors relating to the mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different ore grades, may cause mineral reserves to be modified or Noranda's operations to be unprofitable in any particular fiscal period.

No assurance can be given that the indicated amount of ore will be recovered or that it will be recovered at the prices assumed by Noranda in determining ore reserves. Ore reserve estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative of the entire ore body. As more knowledge and understanding of the ore body is obtained, the reserve estimates may change significantly, either positively or negatively.

Noranda prepares estimates of future production for particular operations. These production estimates are based on, among other things, reserve estimates; assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; and estimated rates and costs of mining and processing. Noranda's actual production may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; risks and hazards associated with mining, natural phenomena, such as inclement weather conditions, floods, and earthquakes; and unexpected labor shortages or strikes. No assurance can be given that production estimates will be achieved. Failure to achieve production estimates could have a material adverse effect on Noranda's business, financial condition, liquidity and results of operations.

Exchange Rate Fluctuations

Fluctuations in currency exchange rates, principally the Canadian/US dollar exchange rate and, to a lesser extent, Chilean Pesos, Norwegian Kroner, Euros, Yen and other exchange rates, can significantly impact Noranda's earnings and cash flows. These exchange rates have varied substantially over time, including over the last five years. Most of Noranda's revenue and debt are denominated in US dollars, whereas most of the operating costs at its Canadian sites are incurred in Canadian dollars. Less than 50% of the costs at Lomas Bayas and Collahuasi are incurred in US dollars with the remainder incurred in Chilean Pesos. The costs at Falcondo are incurred principally in US dollars while Nikkelverk's costs are incurred in Norwegian Kroner. Noranda's consolidated financial statements are expressed in US dollars. Fluctuations in exchange rates between the US dollar and the Canadian dollar and between the US dollar and other currencies may give rise to foreign currency exposures, both favourable and unfavourable, which has materially impacted and may in the future materially impact Noranda's financial results. Noranda from time to time may hedge a portion of its Canadian dollar or other currency requirements to limit any potential adverse effects of foreign exchange rate fluctuations with respect to Noranda's Canadian dollar or other foreign currency denominated costs, but there can be no assurance that such hedges have eliminated the potential material adverse effect of such fluctuations.

Excluding the impact of Noranda's hedging activity, each Cdn$0.01 change in the annual average Canadian/US dollar exchange rate impacted Noranda's after tax earnings in 2003 by approximately $5 million.

Interest Rate and Counterparty Risk

Noranda's exposure to changes in interest rates results from investing and borrowing activities undertaken to manage its liquidity and capital requirements. Noranda has entered into interest rate swap contracts with its bankers to manage the interest rate risk associated with interest payment obligations on a portion of its fixed-rate debt. These interest rate swap contracts change Noranda's exposure to interest rate risk by effectively converting a portion of Noranda's fixed-rate interest obligations to floating-rate interest obligations. Noranda may elect in the future to enter into interest rate swap contracts to effectively convert floating-rate interest to fixed-rate interest obligations and enter into additional fixed-rate to floating-rate swap contracts. There can be no assurance that Noranda will not be materially adversely affected by interest rate changes in the future, notwithstanding its use of interest rate swap contracts.

In addition, Noranda's interest rate swaps, metals hedging and foreign currency and energy risk management activities expose Noranda to the risk of default by the counterparties to such arrangements. Any such default could have a material adverse effect on Noranda's business, financial condition, liquidity and results of operations.

Energy Supply and Prices

Noranda's operations and facilities are intensive users of natural gas, electricity and oil. Procurement of these types of energy sources can be affected by numerous factors beyond Noranda's control, including global and regional supply and demand, political and economic conditions and problems related to local production and delivery conditions. Noranda's supply contracts typically provide that suppliers may be released from their delivery obligations to Noranda if certain "force majeure" events occur. Noranda's business operations could be adversely affected, including loss of production and damage to Noranda's plants and equipment, if, even temporarily, the supply of energy to one or more of its facilities was interrupted.

A prolonged shortage of supply of energy used in Noranda's operations could materially adversely affect its business, financial condition, liquidity and results of operations. As a significant portion of Noranda's costs relate to energy consumption, its earnings are directly related to fluctuations in the cost of natural gas, electricity and oil. Energy prices can be affected by numerous factors beyond Noranda's control, including global and regional demand and supply, and applicable regulatory regimes. The prices for various sources of energy Noranda uses may increase significantly from current levels. An increase in energy prices could materially adversely affect Noranda's business, financial condition, liquidity and results of operations.

Foreign Operations

Some of Noranda's activities and related assets are located in countries outside North America, some of which may be considered to be, or may become, politically or economically unstable. Exploration or development activities in such countries may require protracted negotiations with host governments, international organizations and other third parties, including non-governmental organizations, and are frequently subject to economic and political considerations, such as taxation, nationalization, inflation, currency fluctuations and governmental regulation and approval requirements, which could adversely affect the economics of projects. These projects and investments could be adversely affected by war, civil disturbances and activities of foreign governments which limit or disrupt markets, restrict the movement of funds or supplies or result in the restriction of contractual rights or the taking of property, without fair compensation.

Noranda performs a thorough risk assessment on a country by country basis when considering foreign activities and attempts to conduct its business and financial affairs so as to protect against political, legal, regulatory and economic risks applicable to operations in the various countries where it operates, but there can be no assurance that Noranda will be successful in so protecting itself. These projects and investments could also be adversely affected by changes in Canadian laws and regulations relating to foreign trade, investment and taxation.

Market Access

Global and regional demand for metals is influenced by regulatory and voluntary initiatives to restrict or eliminate the use of certain metals in particular products or applications. Impacts of such measures can be global, creating non-tariff barriers to international trade and affecting product design and specifications on a global basis. Such measures could affect the balance between supply and demand and depress metal prices and treatment/refining charges. Metals with a limited number of major applications are most susceptible to changes in demand and price in response to such measures.

Production Technology

There are no assurances that more economical production or processing technology than the technology currently used by Noranda will not be developed or that the economic conditions in which current technology is applied will not change.

Legal Proceedings

The nature of Noranda's business subjects it to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of Noranda's business. The results of these legal proceedings cannot be predicted with certainty. There can be no assurance that these matters will not have a material adverse effect on Noranda's results of operations in any future period, and a substantial judgment could have a material adverse impact on Noranda's business, financial condition, liquidity and results of operations.

Sulphuric Acid

Sulphur dioxide is a by-product from the smelting of copper, zinc, nickel and lead sulphide concentrates. We process sulphur dioxide into sulphuric acid to meet our environmental commitments. Due to increasingly strict environmental standards world-wide for sulphur dioxide emissions, involuntary production of sulphuric acid by smelters is growing. The balance of world acid production is largely based on elemental sulphur, whose supply is now a by-product of oil and gas production, and growing more rapidly than demand. Long term, these factors may make it more difficult for us to obtain satisfactory prices for our sulphuric acid. However, our production of sulphuric acid cannot be reduced in response to low prices, or dropping sales volumes, without a corresponding reduction in our production of metals.

Raw Material Procurement Risks

Procurement of raw materials involves the risks typically connected with commercial transactions, which can include trade barriers, political instability and problems due to local production conditions. In addition, our supply contracts provide that suppliers of concentrate may be released from their delivery obligations to us if certain "force majeure" events occur. Our business operations could be adversely affected, at least temporarily, if supplies of raw materials are interrupted as a result of the imposition of trade barriers or other events and if we are unable, on short notice, to shift to alternative sources of supply.

We also process copper scrap, the availability of which in past years has been subject to significant fluctuations and the supply of which has been declining since the mid-1990s. The availability of scrap, blister copper and other material we process can be significantly affected by fluctuations in prices.

4. DESCRIPTION OF THE BUSINESS

Noranda's operations explore for, develop, mine, process and market metals and minerals. Noranda conducts these activities through its four operating business units: Copper, Nickel, Aluminum and Zinc.

Noranda is one of the world's largest producers of zinc and nickel and a significant producer of copper, primary and fabricated aluminum, lead, silver, gold, sulphuric acid and cobalt. Noranda is also a major recycler of secondary copper, nickel and precious metals.

The following table indicates the operational structure of Noranda:

NORANDA INC.[1],[2]

Copper

Horne smelter
CCR refinery
Kidd Creek operations
(100% owned by Falconbridge)[3]
Altonorte smelter
(100% owned by Noranda Chile Limitada)
Compañía Minera Antamina S.A. (33.75%)
Compañia Minera Doña Inés de Collahuasi, S.C.M.[3]
(44% owned by Falconbridge)
Compañia Minera Falconbridge Lomas Bayas
(100% owned by Falconbridge)[3]

Nickel

Integrated Nickel Operations
(100% owned by Falconbridge)[3]
– Raglan Mine
– Sudbury Mining and Metallurgical Divisions
– Nikkelverk Refinery
Falconbridge Dominicana, C. por A.
(85.26% owned by Falconbridge)[3]

Zinc

Brunswick mine
Matagami mine operations
Brunswick smelter
CEZ Refinery (25%)[4]
General Smelting of Canada

Aluminum

Noranda Aluminum, Inc.
Norandal USA, Inc.

Other Investments and Principal Subsidiaries and Associates

American Racing Equipment, Inc.
Novicourt Inc.[5] (62.1%)
Magnola Metallurgy Inc. (80%)
Noranda Magnesium Inc.
NorFalco LLC[6]

Notes:

(1) The common shares of Noranda Inc. are listed and posted for trading on the Toronto Stock Exchange and the New York Stock Exchange. Percentage ownership is shown as of December 31, 2003.

(2) 100% ownership by the Company unless otherwise indicated.

(3) Noranda Inc. owns 59.2% of the outstanding common shares of Falconbridge.

(4) CEZ Processing facility was sold to the Noranda Income Fund in May 2002. The Company owns indirectly a 25% interest in the Fund.

(5) The common shares of Novicourt Inc. are listed and posted for trading on the Toronto Stock Exchange.

(6) NorFalco LLC is owned by the Company (65%) and Falconbridge (35%). NorFalco LLC was created to distribute and market sulphuric acid.

Noranda had approximately 15,000 employees at December 31, 2003. The following table shows revenue by operating segment and the relative percentage of each operating segment's contribution to total revenue for the past three years:

	2003		2002		2001	
			($ millions)			
Copper[(1)]	2,165	46%	1,906	49%	2,058	52%
Nickel	1,297	28%	842	22%	779	20%
Zinc	410	9%	399	10%	457	11%
Aluminum	688	15%	662	17%	627	16%
Other	97	2%	64	2%	57	1%
Total Revenue	4,657	100%	3,873	100%	3,978	100%

Notes:

(1) In 2003, the business units for Copper and for Copper and Recycling were combined into a new "Copper" operating segment. In 2002 and in 2001, the revenue and the relative percentage of the Copper and of the Copper and Recycling operating segments had been reported separately as follows:

	2002		2001	
	($ millions)		($ millions)	
Copper and Recycling	1,252	32%	1,137	29%
Copper	654	17%	921	23%

4.1 Main Businesses

4.1.1 Copper

The copper business unit is a fully-integrated producer of copper metal and concentrate. The copper business unit includes the operation of the Company's 33.75%-owned Antamina copper and zinc mine in Peru and the 100%-owned Altonorte copper smelter located near Antofagasta, Chile, Falconbridge's 44% stake in the Collahuasi copper mine in Chile and 100% interest in the Lomas Bayas operations, as well as refining, smelting and recycling facilities in Canada and in the United States, which are referred to as Canadian Copper and Recycling ("CC&R").

4.1.1.1 South America

Compañía Minera Antamina S.A.

History and Location

Located in the Andes mountains in Peru, approximately 270 kilometres north of Lima and at an elevation of 4,300 metres, the Antamina deposit is one of the largest copper/zinc orebodies in the world, with a milling rate of 70,000 tonnes per day. Antamina is expected to produce 272,000 tonnes of copper and 163,000 tonnes of zinc annually over a 21-year mine life, producing an annual average of 675 million pounds of copper and 625 million pounds of zinc in the first 10 years.

A capital investment of $2,148 million was made to bring Antamina into production. Of this amount, $1,320 million was financed using senior project debt.

Noranda's beneficial interest in Antamina is 33.75%, with the beneficial owners comprising BHP Billiton PLC at 33.75%, Teck Cominco Limited at 22.5% and Mitsubishi Corporation with a 10% interest.

Operations

Antamina began commercial production in October 2001. In 2003, Antamina produced 894,201 tonnes of copper concentrate grading 28.2% copper and 674,129 tonnes of zinc concentrate grading 53.8% zinc. In 2003, sales of fine copper contained in concentrates were 260,833 tonnes and sales of zinc were 349,741 tonnes, representing aggregate revenues to Noranda of $265.3 million. Substantially all the assets and shares of Antamina had been pledged to a group of international senior lenders. Guarantees provided by Noranda Inc. were released and the senior debt of the Antamina project became non-recourse to the senior lenders on July 1, 2003, upon successful completion of a series of tests.

Mineral Reserves and Resources

Antamina is classified as a copper-zinc-silver skarn deposit and occurs at the contact between a quartz monzonite intrusive of Tertiary Age (< 70 million years) and limestone of Cretaceous Age (70-135 million years).

Proven and probable mineral reserves total 501,000,000 tonnes with an average grade of 1.22% copper, 0.96% zinc, 0.030% molybdenum and 13.7 grams of silver per tonne. Proven and probable mineral reserves are based on the mineral resource model after applying open-pit design and cut-off criteria. Measured and indicated resources, in addition to mineral reserves in the current pit design, total 59,000,000 tonnes with an average grade of 0.48% copper, 0.24% zinc, 0.032% molybdenum and 5.4 grams of silver per tonne. Inferred mineral resources total 28,000,000 million tonnes with a grade of 0.8% copper, 1.0% zinc, 0.02% molybdenum and 13 grams of silver per tonne.

Proven and probable mineral reserves are reported using a 0.7% copper equivalent operational cut-off and include all high-grade and low-grade stockpiles. Measured and indicated mineral resources in addition to reserves were estimated for in-situ pit material and marginal stockpiles grading less than the 0.7% copper equivalent cut-off but greater than a 0.5% copper equivalent economic cut-off. Inferred resources were estimated for all other in-pit material grading greater than 0.5% copper equivalent cut-off.

The mineral resource and mineral reserve estimates were prepared under the supervision of Dan Gurtler, Mine Manager, who is a qualified person for the purposes of NI 43-101. Assumed metal prices were zinc $0.50 per lb., copper $0.90 per lb., molybdenum $3.25 per lb. and silver $5.00 per troy ounce.

The Antamina orebody is highly variable and is currently described by more than six different ore classifications. Since mill start-up in June 2001, Antamina has experienced difficulty in predicting the distribution of ore types that affect production, recoveries and concentrate quality, and in reconciling production tonnage and grades to the reserve model. In order to enhance the predictive ability of the current reserve model and to facilitate better short- and long-term planning, Antamina is undertaking 112,000 metres of infill drilling and drilling at depth, at a cost of $14 million. This drill program and associated analyses are expected to be completed in the first half of 2005. Results will be reviewed periodically during the course of the program and, as warranted, will be incorporated in reserve and resource estimates for the deposit.

At planned operating rates, the proven and probable mineral reserves are equal to approximately 20 years of mine production. Mill operations are expected to continue for another two years on stockpiled material. The mineral reserves decreased by 29.0 million tonnes in 2003 primarily due to production. Production of 26.0 million tonnes and mining write-downs of 5.4 million tonnes were slightly offset by mining gains of 2.4 million tonnes.

Altonorte Smelter

Noranda owns 100% of the Altonorte copper smelter located in northern Chile. The smelter recently completed a major modernization and $170 million Phase 3 expansion project, which more than doubled its capacity to 835,000 t/year of copper concentrate throughput, copper anode output capacity to approximately 290,000 tonnes and sulphuric acid capacity to 700,000 tonnes.

The Altonorte custom smelter processes copper concentrate from third-party mines located mainly in Chile. Approximately 35% of the Altonorte smelter's production is sold to Codelco and is refined at Codelco's Chuquicamata refinery near Calama, Chile, a portion of which is returned to Noranda in the form of cathodes. The balance of the smelter's blister anode production is exported. The smelter's sulphuric acid production is sold to customers located in the northern region of Chile. In 2003, Altonorte processed 780,280 tonnes of feed material, produced 261,971 tonnes of copper anodes and produced 660,772 tonnes of sulphuric acid.

Compañia Minera Doña Inés de Collahuasi

Falconbridge owns a 44% interest in Compañía Minera Doña Inés de Collahuasi S.C.M., an independent corporation which owns the mining and water rights and other assets comprising the Collahuasi operation, together with Anglo American Plc which also holds a 44% interest, and a Japanese consortium holding the remaining 12% interest.

A capital investment of $1,792 million was required to bring Collahuasi into commercial production. The financing requirement, including working capital, was approximately $1,870 million.

The property is located in northern Chile, about 180 kilometres southeast of the port of Iquique, at an elevation of 4,300 metres. It contains two separate porphyry copper deposits, known as Ujina and Rosario: the Ujina high grade secondary enrichment has been mined already but an important reserve of primary copper ore remains; Rosario has large tonnages of high grade primary ore and important secondary enrichment zones. The Huinquintipa exotic copper deposit is located downstream from the Rosario deposit. In addition, the property contains high-grade copper/molybdenum vein systems at the adjacent La Grande deposit.

Mining and Milling Operations

Commercial production at the Collahuasi operation began in January 1999. Production is expected to average 350,000 tonnes per year of copper in concentrates and 50,000 tonnes per year of copper cathode during the initial 10 years of mine life. The mine site is serviced under a 20-year power supply contract with Empresa Nacional de Electricidad S.A., a Chilean electric utility company.

During 2003, 145.9 million tonnes of material was mined (2002 − 130.2 million tonnes), 24.4 million tonnes of ore was milled at the concentrator (2002 − 25.2 million tonnes) and 6.4 million tonnes of ore was processed at the copper oxide leaching plant (2002 − 5.4 million tonnes). Falconbridge's share of copper produced by Collahuasi during 2003 was 27,895 tonnes of copper cathode and 140,683 payable tonnes (145,785 contained tonnes) of copper in concentrate.

Since commencing operations, the mine has operated the Ujina pit. Starting mid 2004 ore extraction will be transferred to the lower copper grade Rosario orebody.

The transition to the Rosario orebody, which includes the construction of an overland conveyor to transport sulphide ore to the concentrator, and increasing the concentrator throughput from 60,000 tonnes to 110,000 tonnes per day, has been approved and engineering construction and procurement activities are under development with scheduled completion by mid 2004. Total capital expenditures associated with the transition and the expansion engineering are expected to be $654 million.

Mineral Reserves and Mineral Resources[(1)]

As of December 31, 2003, proven and probable mineral reserves totalled 1,808,221,000 tonnes with an average grade of 0.91% copper. Measured and indicated resources are in addition to mineral reserves and totalled 477,666,000 tonnes with an average grade of 0.63% copper. Inferred mineral resources totalled 1,840,000,000 tonnes with a grade of 0.72% copper.

Proven and probable mineral reserves are based on the mineral resource model after applying open-pit design and cut-off criteria. Proven and probable mineral reserves are reported using an average 0.45% copper cut-off, depending on ore type, and include all stockpiled material above the cut-off grade. The assumed metal price was $0.95 per lb. of copper. Mineral resources are in addition to mineral reserves and are estimated using a 0.45% copper cut-off grade. Measured and indicated mineral resources consist of material inside an encompassing pit outline based on a copper price of $1.15 but excluding the mineral reserves contained in the interior pit outline. Inferred resources were estimated for material contained in both pit designs.

At planned operating rates, the proven and probable mineral reserves are equal to approximately 40 years of production. The mineral reserves decreased by 30.5 million tonnes in 2003 primarily due to production.

Compañía Minera Falconbridge Lomas Bayas

Mining Operations

In July 2001, Falconbridge acquired 100% of the Lomas Bayas copper mine and adjacent Fortuna de Cobre copper deposit from Boliden Limited for a cash payment of $66 million. Falconbridge is also required to pay $15 million if it exercises its right to retain the Fortuna de Cobre deposit before the fifth anniversary of closing.

Notes:

(1) For Qualified Person information with respect to the mineral reserve and mining resource estimate, see "Mineral Reserves and Resources" in Item 4.3 of this Annual Information Form.

The Lomas Bayas mine comprises 7 exploitation concessions covering approximately 2,022 hectares. The Fortuna de Cobre deposit comprises 11 exploitation concessions covering approximately 1,216.5 hectares. Falconbridge also holds 25 exploitation concessions and one exploitation concession application covering approximately 4,387 hectares between the Lomas Bayas mine and the Fortuna de Cobre deposit as well as 51 exploration concessions covering an area around the Fortuna de Cobre deposit.

The Lomas Bayas mine is located in the Second Region of Chile, approximately 110 kilometres north-east of the port city of Antofagasta. The mine is situated at an altitude of 1,500 metres in the Atacama Desert. The Fortuna de Cobre deposit is situated three kilometres to the south of the Lomas Bayas mine.

Mining and Processing

Lomas Bayas currently operates one open pit mine. Heap-leach grade ore is crushed and placed on leach pads by a series of portable conveyors and a stacking system. Lower grade ore that does not economically justify the cost of crushing and additional handling is placed directly on separate leach pads by mine haulage trucks. Solutions containing sulphuric acid are then applied to leach the ores and copper recovery occurs by a solvent extraction-electrowinning process. The copper cathode is transported by truck and rail to the port at Antofagasta and shipped to customers overseas. Lomas Bayas is serviced by the electrical grid of northern Chile under long-term contracts with a local electricity supplier.

In 2003, Lomas Bayas mined 31 million tonnes of ore from which 60,427 tonnes of copper cathode were produced.

Mineral Reserves and Mineral Resources[(1)]

As of December 31, 2003, proven and probable mineral reserves totalled 363,931,000 tonnes with an average grade of 0.34% copper. Measured and indicated resources are in addition to mineral reserves and totalled 252,552,000 tonnes with an average grade of 0.27% copper. Inferred mineral resources totalled 41,700,000 tonnes with a grade of 0.32% copper.

Proven and probable mineral reserves are based on the mineral resource model after applying open-pit design and cut-off criteria. Proven and probable mineral reserves are reported using an average 0.10% soluble copper cut-off and include all stockpiled material above the cut-off grade. The assumed metal price was $0.90 per lb. of copper. Mineral resources are in addition to mineral reserves and are estimated using a 0.10% soluble copper cut-off grade. Measured and indicated mineral resources consist of material inside an encompassing pit outline based on a copper price of $1.15 but excluding the mineral reserves contained in the interior pit outline. Inferred resources were estimated for material contained in both pit designs.

At planned operating rates, the proven and probable mineral reserves are equal to approximately 11 years of production. The mineral reserves decreased in 2003 by 33.4 million tonnes mainly due to mine production of 30.4 million tonnes and reserve adjustments of 3.0 million tonnes due to a revised reserve estimation based on additional drill information. Mineral resources increased by 50.1 million tonnes due to the inclusion of more material into the revised resource model based on new drill information.

Notes:

(1) For Qualified Person information with respect to the mineral reserve and mining resource estimate, see "Mineral Reserves and Resources" in Item 4.3 of this Annual Information Form.

4.1.1.2 CC&R

CC&R mines and procures copper and precious metal concentrates and secondary materials for processing at our copper smelters and refineries and markets copper and related by-products. The business operates and manages the Kidd Creek operations under terms of a management services agreement. At December 31, 2003, CC&R employed 2,716 people (2002 − 2,959).

Mining Operations[(1)]

Falconbridge and its predecessors in title have been mining the Kidd Creek copper/zinc deposits since 1966. The Kidd Creek mining operation's principal copper/zinc properties in the Timmins area are located in Kidd Township, Porcupine mining division, Ontario. The properties owned by Falconbridge comprise 14 patented half-lots covering 896 hectares of freehold mining land. The Kidd Creek deposits are mined through two separate shafts, accessing mining areas known as the upper and lower mines, which access progressively deeper levels. In 2003, the upper mine (formerly No. 1 and No. 2 mines) accounted for 35%, and the lower mine (formerly No. 3 mine) accounted for 65%, of the Kidd Creek mining operation's mine ore production.

Ore production at the Kidd Creek mining operations ("Kidd Creek Mining") for 2003 was 2,108,000 tonnes (2002-2,230,000 tonnes) with copper ore grades of 2.3% and zinc grades of 4.27%. Metals in concentrate produced during the year totalled 46,400 tonnes of copper (2002 − 45,400 tonnes), 75,500 tonnes of zinc (2002 − 104,100 tonnes) and 2,676,000 ounces of silver (2002 − 3,671,000 ounces).

In 2000, the Company approved the development of Mine D, the depth extension of the Kidd Creek ore body beyond the limits of the No. 3 mine at 6,800 feet (2,070 metres) to a depth of 10,200 feet (3,100 metres). Production from Mine D is scheduled to begin in the second half of 2004 and production is expected to reach 550,000 tonnes in 2005 with ramp-up continuing into 2005 and 2006. Phase I of the project is scheduled to be completed in 2006.

The Kidd Creek ore body is intersected by a number of major faults and other discontinuities. Mining and the resulting stress redistribution cause periodic ground adjustment along these faults resulting in seismic activity. Falconbridge has taken steps to minimize the impact of seismic activity on its Kidd Creek mining operations. These steps include the use of seismic monitoring equipment and the development and use of safe and cost-effective mining systems and procedures. On occasion a seismic event will occur which has the potential to cause personal injury, equipment damage or production interruption. Such events have been infrequent.

December 31, 2003, Kidd Creek reported reserves of 20.8 million tonnes grading 2.01% copper and 6.15% zinc.

At planned operating rates, the mineral reserves at Kidd Creek Mining Division are equal to approximately nine years of production.

Metallurgical Operations

CC&R operates Noranda's Horne copper smelter located in Rouyn-Noranda, Québec, the CCR refinery in Montreal-East, Québec and Falconbridge's Kidd Creek copper-zinc complex located in Timmins, Ontario.

Notes:

(1) For Qualified Person information with respect to the mineral reserve and mining resource estimate, see "Mineral Reserves and Resources" in Item 4.3 of this Annual Information Form.

The ore from Kidd Creek Mining Division is transported by a company-owned railway to the Kidd Creek Metallurgical Division's mineral processing facilities, located 27 kilometres southeast of the mine. The mill produces copper and zinc concentrates, and treats all ores from the Kidd Creek Mining Division in two of four circuits. The remaining two circuits are available to process custom ore. In 2004, one of these circuits will be rehabilitated and converted to treat 750,000 tonnes per year of nickel ore from Falconbridge's new Montcalm project, located approximately 100 km west of the Metallurgical site. Nickel concentrate from the circuit will be shipped to Sudbury for processing and the by-product copper concentrate together with Kidd's own copper concentrate and the copper concentrate shipped from Falconbridge's Sudbury Strathcona mill as well as other copper custom feeds are fed into the smelter, which has the capacity to produce 150,000 tonnes of blister copper per year.

CC&R has the capacity to process approximately 1,360,000 tonnes per year of copper and precious metal-bearing feed materials at the Horne and Kidd Creek smelters. In 2003, we processed 1,079,000 tonnes of feed at the Horne and Kidd Creek smelters compared to 1,206,000 in 2002. The unionized employees at the Horne smelter went on strike in mid-June 2002 and the smelter operated for the balance of 2002 and the first half of 2003 at about 70% of normal capacity. The strike was settled on May 7, 2003 and workers returned to work in early June. Of the total volumes treated by the Horne smelter in 2003, approximately 21% of this feed was obtained from the Louvicourt, Antamina and Collahuasi mines and the balance was sourced from third parties under contracts having a duration of one to three years. CC&R also purchased some feed on a spot basis. In 2003, approximately 90% of our feed was procured from North America and the balance mainly from South America. Anode and blister output from the Kidd Creek and Horne smelters totalled 264,100 tonnes in 2003 (2002 − 291,100 tonnes). All anodes produced at the Horne copper smelter were refined at our CCR refinery. The 131,400 tonnes (2002 − 144,100 tonnes) of blister produced at the Kidd Creek smelter in 2003 were either refined at its refinery, which currently has the capacity to produce 147,000 tonnes of copper cathode per year, or sold to outside refineries, including the Company's CCR refinery. In 2003, Kidd Creek sent approximately 3,832 tonnes of spent-copper anode to the CCR facility. Total sulphuric acid production in 2003 was 920,600 tonnes compared to 1,094,400 tonnes in 2002.

Our CCR refinery processes copper anodes from the Horne and Altonorte smelters and other unrefined copper and precious metals from Noranda and third-party sources. In 2003, the refinery produced 235,400 tonnes (2002 − 244,000 tonnes) of copper cathode, approximately 1.1 million ounces of gold (2002 − 1.0 million), 30.3 million ounces of silver (2002 − 40.4 million) and other by-products including selenium, tellurium, nickel sulphate, and a concentrate of platinum group metals. CCR's production was significantly impacted by the Horne strike and the closure of the Gaspé smelter in 2002. In 2004 increased production at the Altonorte smelter will fully replace the production loss resulting from the Gaspé closure. In 2003, the Kidd Creek refinery produced 94,700 tonnes of zinc (2002 − 145,300 tonnes) and 127,600 tonnes of copper cathode (2002 − 146,500 tonnes). In addition to copper and zinc, the Kidd Creek refinery produces anode slimes containing substantial amounts of silver and gold that are further refined by outside refineries, including Noranda's CCR refinery for precious metal recovery.

The Kidd Creek zinc plant has the capacity to produce 147,000 tonnes of zinc per year. This capacity is sufficient to process Kidd Creek Metallurgical Division's zinc concentrates and custom feed from other sources. Custom feed from other sources comprised approximately 30% of the total zinc plant feed in 2003 (2002 − 30%) and is expected to be at similar levels in 2004. In June 2003, Falconbridge temporarily closed the zinc plant for 13 weeks during the summer period for market and operating cost reasons.

On February 18, 2003, the Company informed the union representing employees at the Horne smelter of its intention to eliminate 125 unionized positions. On October 15, 2003, the Company announced that it would be reducing processing rate from 840,000 to 630,000 tonnes per year at the Horne smelter effective June 2004 by decreasing its purchase of offshore lower-margin concentrates. Anode production rates will drop from 186,000 to 140,000 tonnes. Overall employment levels will fall from 700 to 480.

CC&R is a leader in the recovery of copper, gold, silver and platinum group metals from the recycling of electronics and other copper and precious metal-bearing secondary materials. These are processed largely at the Horne smelter and the CCR refinery. Our processing plants and technology allow us to treat large tonnages of recycled materials. In 2003, recycled materials comprised 9% (2002 − 6%) of the feed for the copper smelters and approximately 5% of the copper (2002 − 6%), 16% of the gold (2002 − 14%), 10% of the silver (2002 − 8%) and 85% of the platinum group metals (2002 − 95%) produced by the CCR refinery.

Prior to processing at the Horne smelter, Noranda Recycling Inc. ("NRI") receives and samples a portion of the electronic scrap stream of materials. NRI operates two sampling facilities in California and Rhode Island. In addition, NRI operates plants in Roseville California and Lavergne Tennessee that provide asset management and recycling services for end-of-life electronic hardware for Hewlett-Packard, a strategic partner, and other original equipment manufacturers. During 2003, a new end-of-life processing facility opened in Brampton, Ontario and operates as a division of the Company called Noranda Recycling.

4.1.2 Nickel

Sudbury

Mining Operations

Falconbridge has been mining nickel/copper ores in the Sudbury area of northern Ontario since 1929. The Sudbury operations consist of the mines/mill business unit ("Sudbury Mines/Mill") and the smelter business unit ("Sudbury Smelter").

The Sudbury Mines/Mill principal nickel/copper producing properties in the Sudbury area are located in the Townships of Falconbridge, Levack, Garson, Dowling, Blezard and Denison. The properties comprise 2,670 hectares owned by Falconbridge and 14 hectares held under two licences of occupation of mining rights from the Province of Ontario. The licences of occupation are held in perpetuity.

Mines/Mill

The Sudbury Mines/Mill operates four underground nickel/copper mines in the Sudbury area: the Craig, the Fraser, the Lindsley and the Lockerby mines. In 2003, the Craig mine provided 40% of Sudbury Mine/Mill's ore production.

Metal in concentrate produced during 2003 amounted to 24,100 tonnes of nickel (2002 − 27,800 tonnes), 29,200 tonnes of copper (2002 − 31,100 tonnes) and 611 tonnes of cobalt (2002 − 690 tonnes).

The ore from Sudbury Mines/Mill is crushed and ground and the nickel/copper bearing sulphide materials contained in the ore are separated from waste materials at the Strathcona mill to produce nickel/copper concentrate and copper concentrate. The Sudbury Mines/Mill total ore milled for 2003 was 2,261,000 tonnes (2002 − 2,295,000 tonnes). The Strathcona mill has a capacity of approximately 10,000 tonnes of ore per day. The copper concentrate from the Strathcona Mill is delivered to Kidd Creek Metallurgical's mineral processing facilities for smelting and refining. The nickel/copper concentrate from the Strathcona mill is delivered to the Sudbury smelter for smelting.

Mineral Reserves and Resources[1]

The Company's exploration successes in the Sudbury basin over the course of the last few years have significantly increased the overall nickel resources available for INO mining and metallurgical operations. Total mineral reserves in Sudbury now include 14.1 million tonnes in the proven and probable categories averaging 1.29% nickel and 1.28% copper. There are 21.2 million tonnes of measured and indicated resources with an average grade of 2.24% nickel and 0.98% copper and 28.2 million tonnes of inferred resources grading 1.7% nickel and 2.7% copper. Measured and indicated resources increased 4.3 million tonnes in 2003 and inferred resources 6.1 million tonnes during the same period.

Approximately 6.9 million tonnes were added to the inferred resources at Nickel Rim South, a high-grade deposit discovered in 2001. As of March 11, 2004, Nickel Rim South is estimated to contain 13.2 million tonnes grading 1.7% nickel, 3.5% copper, 1.9 grams/tonne platinum, 2.2 grams/tonne palladium and 0.8 grams/tonne gold. Drilling at the Fraser Morgan's zones 8 and 9 also more than doubled the available resources to 3.8 million tonnes of indicated resources grading 1.7% nickel and 0.5% copper and 2.5 million tonnes of inferred resources grading 1.4% nickel and 0.4% copper.

Mineral resources are reported using cut-off grades and minimum mining widths appropriate to the particular mining deposit and mining method. Dilution and mining recoveries are applied to the mineral resource to arrive at the mineral reserves. The assumed price was $3.25 per lb., copper $0.90 per lb. and the Cdn$1.50 for US$1.00.

Approximately two million tonnes of proven and probable mineral reserves were milled in 2003. At planned operating rates, existing proven and probable mineral reserves, not including new resources largely anticipated to be converted to mineral reserves, represent approximately seven years of production. The addition of the new resources is expected to extend the operating life of the Sudbury mines and smelter by several more years. The Nickel Rim South deposit will support mining operations until approximately 2021.

Smelter

The nickel/copper concentrate from the Strathcona mill is treated at the Sudbury smelter along with Raglan concentrates and custom feed from other sources. The smelter produces a matte containing nickel, copper and cobalt, as well as silver, gold and platinum group metals. The Sudbury smelter has the capacity to produce approximately 130,000 tonnes of matte per year. The matte produced is shipped by rail to Québec City and by sea to the Nikkelverk refinery for further processing.

The Sudbury smelter's output for 2003 from all sources was 59,800 tonnes of nickel (2002 − 57,900 tonnes), 20,800 tonnes of copper (2002 − 20,500 tonnes) and 2,200 tonnes of cobalt (2002 − 1,960 tonnes). Copper concentrate sent to the Kidd Creek smelter contained 21,900 tonnes of copper (2002 − 21,700 tonnes). Sulphuric acid produced as a result of smelting activity in Sudbury was 245,500 tonnes in 2003 (2002 − 246,800 tonnes).

Notes:

(1) For Qualified Person information with respect to the mineral reserve and mining resource estimate, see "Mineral Reserves and Resources" in Item 4.3 of this Annual Information Form.

Raglan

Mining Operation

The Raglan nickel/copper operation is located in Katinniq in Nunavik Territory, Québec, approximately 1,800 kilometres north of Montreal. Falconbridge has explored the Raglan property since the 1960's and began development of the mine site in 1996 following receipt of environmental approvals and the conclusion of agreements with the local Inuit population and the Province of Québec regarding infrastructure funding. Commercial production at Raglan began on April 1, 1998. Raglan's annual production capacity is one million tonnes per year of ore milled. Net production for 2003 totalled 25,100 tonnes of nickel (2002 − 24,600 tonnes), 6,600 tonnes of copper (2002 − 6,500 tonnes) and 380 tonnes of cobalt (2002 − 390 tonnes).

Mineral Reserves and Resources[(1)]

As of December 31, 2003, proven and probable reserves totalled 17,663,000 tonnes averaging 2.86% nickel and 0.78% copper. Measured and indicated resources in addition to mineral reserves total 3,200,000 tonnes with an average grade of 2.13% nickel and 0.74% copper. Inferred resources total 4,000,000 tonnes grading 2.9% nickel and 0.9% copper.

Mineral resources are reported using cut-off grades and minimum mining widths appropriate to the particular ore zone and mining method. Dilution (planned, overbreak and fill) and mining extraction recoveries are applied to the mineral resource to arrive at the mineral reserves. Assumed metal prices and exchange rate were nickel $3.25 per lb., copper $0.90 per lb. and the Cdn$1.50 for US$1.00.

Approximately 834,000 tonnes of proven mineral reserves were mined and milled in 2003. Mineral reserves only decreased by 400,000 tonnes because a large part of the annual production was replaced by discovery and mining gains. Mineral resources were increased by 900,000 tonnes through discoveries at Zones 2, 3, 5-8, Donaldson and Katinniq. At planned operating rates, the proven and probable mineral reserves are equal to approximately 19 years of production.

Milling Operation

The ore from the Raglan mines is crushed, ground and treated at the Raglan mill to produce nickel/copper concentrate. Raglan concentrate is trucked to Deception Bay for marine shipment to Québec City and then transported by rail to the Sudbury smelter for treatment. There were six shipments from Deception Bay during 2003.

The current capacity of the mill is 3,000 tonnes of ore throughput per day. Total ore milled in 2003 was 834,000 tonnes (2002 − 868,000 tonnes).

Nikkelverk

Falconbridge Nikkelverk, Aktieselskap ("Nikkelverk"), a wholly-owned subsidiary of Falconbridge, operates a refinery and a sulphuric acid plant at Kristiansand, Norway. The refinery processes the matte produced by the Sudbury smelter as well as custom feed from other sources, which includes the treatment of the silver, gold and platinum group metals contained in the matte and custom feed. The refinery has an annual capacity of approximately 85,000 tonnes of nickel, 39,000 tonnes of copper and 4,600 tonnes of cobalt. The sulphuric acid plant has a capacity of approximately 105,000 tonnes of sulphuric acid per year. In 2003, the refinery produced 77,200 tonnes of nickel (2002 − 68,500 tonnes), 35,900 tonnes of copper (2002 − 30,600 tonnes), 4,600 tonnes of cobalt (2002 − 4,000 tonnes) and 102,100 tonnes of sulphuric acid (2002 − 89,900 tonnes).

Notes:

(1) For Qualified Person information with respect to the mineral reserve and mining resource estimate, see "Mineral Reserves and Resources" in Item 4.3 of this Annual Information Form.

Mattes from the Sudbury smelter and from BCL Limited ("BCL") in Botswana were the main sources of nickel/copper feed materials for the Nikkelverk refinery during the year.

The production of platinum group metals grew in importance during 2003 as production volumes expanded. In 2003, the refinery produced approximately 394,000 ounces of platinum group metals (2002 − 355,000 ounces).

Expansion of the refinery to 100,000 tonnes of nickel, 60,000 tonnes of copper and 5,000 tonnes of cobalt per year or higher is possible if market conditions warrant such expansion.

Falconbridge International Limited

Falconbridge International Limited ("FIL"), an indirect wholly-owned subsidiary of Falconbridge with offices in Bridgetown, Barbados and Brussels, Belgium, is responsible for managing the custom feed business outside Canada for the integrated nickel operations ("INO") of Falconbridge. Custom feed, or third-party primary smelter production (matte) and secondary raw materials, provides a significant source of supply to the Sudbury smelter and the Nikkelverk refinery. In 2003, the Sudbury smelter's output from secondary raw materials included 6,400 tonnes of nickel (2002 − 4,400 tonnes), 5,000 tonnes of copper (2002 − 2,700 tonnes) and 1,100 tonnes of cobalt (2002 − 900 tonnes).

In 1985, FIL entered into a long-term agreement with BCL to treat complex nickel/copper matte from BCL's smelter in Botswana. The BCL matte represented approximately 66% of the nickel and copper-bearing custom feeds processed at the Nikkelverk refinery in 2003 (2002 − 49%). Under the agreement, which was extended in 2002 to the end of 2015, BCL has agreed to deliver approximately 10,000 tonnes of nickel in matte per year to the Nikkelverk refinery.

In 2003, custom feed represented approximately 32% of the nickel, 56% of the copper and 75% of the cobalt output at the Nikkelverk refinery (2002 − 25%, 42% and 76% respectively).

Falconbridge Dominicana, C. por A.

Mining Operations

Falconbridge Dominicana, C. por A ("Falcondo"), which is 85.26%-owned by Falconbridge, has been mining and processing nickel laterite ore near the townsite of Bonao, approximately 80 kilometres north-west of Santo Domingo, Dominican Republic, since 1971. The Government of the Dominican Republic and Redstone Resources Inc. own approximately 10% and 4.1%, respectively, of Falcondo. The term of the mining concession at this site is for an unlimited period. Mine production at Falcondo, which is carried out from the surface, totalled 3,815,600 tonnes of ore in 2003 (3,040,600 tonnes in 2002) at an average nickel grade of 1.19% (2002 − 1.23%).

Mineral Reserves and Resources[(1)]

As of December 31, 2003, proven and probable reserves totalled 60,927,000 tonnes averaging 1.18% nickel. Measured and indicated resources in addition to mineral reserves total 13,840,000 tonnes with an average grade of 1.53% nickel. Inferred resources total 6,400,000 tonnes grading 1.4% nickel.

Mineral resources are reported using cut-off grades and minimum mining widths appropriate to the particular mining deposit and mining method. Dilution (planned, overbreak and fill) and mining extraction recoveries are applied to the mineral resource to arrive at the mineral reserves. The assumed metal price was nickel $3.25 per lb.

Notes:

(1) For Qualified Person information with respect to the mineral reserve and mining resource estimate, see "Mineral Reserves and Resources" in Item 4.3 of this Annual Information Form.

Approximately 3,816,000 tonnes of proven mineral reserves were mined in 2003. At planned operating rates, the proven and probable mineral reserves are equal to approximately 18 years of production. The proven and probable mineral reserves at Falcondo showed a decrease of 3.2 million tonnes after production of 3.8 million tonnes in 2003. The decrease is due to production which was partly offset by the discovery of 600,000 tonnes in the Caribe and Larga deposits.

Milling, Smelting and Refining Operations

The ore mined at Falcondo is milled, smelted and refined at Falcondo's mineral processing facilities, which have a capacity of approximately 29,000 tonnes of nickel contained in ferronickel per year. Falcondo's production of nickel in ferronickel for 2003 was 27,227 tonnes, compared to 23,303 tonnes in 2002.

Falcondo plans to offset the impact of planned shutdowns to the energy generation facility in 2004 by contracting 40 MW of energy generation to be temporarily installed on site.

4.1.3 Zinc

Our Zinc business unit produces zinc concentrate and copper concentrates at our mines and procures and processes zinc concentrate at the CEZ refinery owned by the Noranda Income Fund. The zinc business unit also produces lead concentrates at the Brunswick mine and procures and processes lead/silver concentrates and residues at the Brunswick smelter. Marketing of the CEZ refinery and Falconbridge's zinc metal and related alloys, as well as the Company's lead metal and related alloys, is carried out through our head office in Toronto, Ontario and affiliated marketing offices in Zug, Switzerland and Cleveland, Ohio. The marketing office in Zug also purchases and sells base metals within the European market. In addition, the zinc business unit operates the General Smelting of Canada foundry in Lachine, Québec, which produces various lead and zinc alloys and anodes. The zinc business unit also has a 65% interest in NorFalco LLC, a joint venture with Falconbridge that markets, transports and distributes sulphuric acid in North America.

Brunswick Mine

History and Location

The Brunswick mine was developed and commenced operations in the early 1960s. Noranda Inc. acquired a controlling interest in the mine in 1971 and a 100% interest in 1996. The mine is located approximately 27 kilometres southwest of Bathurst, New Brunswick. The Company has surface rights and 100% ownership of the mineral rights on 1,030 hectares comprising the No. 12 Crown Grant (Nos. 35097 and 34300).

Mineral Reserves and Resources(1)

The Brunswick orebody is hosted in steeply dipping volcanic and sedimentary rock units. The deposit comprises massive sulphides intimately associated with various iron formation facies, with zinc, lead, copper and silver being the principal metals produced. The host rocks and the mineralization have undergone four significant deformation events, resulting in intense folding and faulting.

Mineral resource and mineral reserve estimates are based on assays from diamond drilling and geological interpretation of drilling and underground mapping of development areas. The data are interpreted by the mine's geologists and used to develop a three-dimensional model of the geology, mineralization and underground development areas.

Notes:

(1) For Qualified Person information with respect to the mineral reserve and mining resource estimate, see "Mineral Reserves and Resources" in Item 4.3 of this Annual Information Form.

Proven and probable reserves as at December 31, 2003, total 19.2 million tonnes averaging 9.11% zinc, 3.66% lead, 0.35% copper and 107 grams of silver per tonne. Measured and indicated resources in addition to mineral reserves total 3.5 million tonnes with an average grade of 8.48% zinc, 3.56% lead, 0.34% copper and 103 grams of silver per tonne.

Mineral resources are reported using a 7.5% (zinc + lead) cut-off with a minimum mining width of 2.5 metres. Dilution (planned and wall), extraction recoveries and economics are applied to the mineral resource to arrive at the mineral reserves. The assumed metal prices and exchange rate were zinc $0.44 per lb., copper $0.90 per lb., lead $0.26 per lb., silver $5.25 per troy ounce and Cdn$1.50 for US$1.00.

Approximately 3.6 million tonnes of proven and probable mineral reserves were milled in 2003. At planned operating rates, the Brunswick mine has an estimated life of five to six years. The mineral reserves decreased in 2003 by 1.9 million tonnes due to production of 3.6 million tonnes and the gain of 1.7 million tonnes as a result of the ongoing engineering of the mineral reserve stope blocks and the upgrade of several mineral resource blocks to mineral reserve status. Detailed technical and economic studies concerning the evaluation of the mineral resources and other mining remnants located throughout the mine are ongoing.

Operations

Production occurs on five main levels to a depth of 1,125 metres. Two shafts provide access. The No. 3 shaft is 1,337 metres deep and is used to hoist personnel, ore and equipment. The No. 2 shaft is 963 metres deep and is used to hoist personnel and supplies. This shaft carries all compressed air and water services for the mine. The remaining cage hoist is used intermittently as a backup to the No. 3 shaft facilities and a second means of egress from the mine.

Mining methods are in transition, from primary/secondary mining of sub-level open stopes with delayed backfill to pillarless, pyramid-shaped open stope sequences and end-slicing. The ore body consists of a series of sub-parallel ore lenses with an average dip of 70 degrees, a composite width of up to 200 metres, a maximum strike length of 1,300 metres and a maximum depth of 1,150 metres.

Ore is processed in the concentrator using grinding, differential flotation, concentrate filtering and drying technologies to produce four products, including zinc, lead, bulk and copper concentrate. Flotation tailings are sent to a paste plant for recovery and production of required amount of paste backfill. Residual tailings are sent to the tailings impoundment facility. Process water is recycled back to the concentrator while the excess runs through an effluent treatment facility prior to discharge to the environment.

There were no production interruptions at the Brunswick mine during 2003 and as a result the Brunswick mine processed an average of 9,889 tonnes of ore per day (2002 − 9,569 tonnes) and produced 286,000 tonnes of zinc contained in concentrate (2002 − 277,000 tonnes). Zinc recoveries in the mill were 89.0% (2002 − 87.4%).

Construction work on an improved milling system was completed in the fourth quarter of 2000 to implement an intermediate flotation stage between primary and secondary grinding, consolidate the concentrator grinding and flotation circuits, and to recycle water through the abandoned rockfill quarry. The project has resulted in higher recoveries, improved zinc concentrate grade and a higher ratio of zinc concentrate to bulk concentrate.

In 2002, work on the establishment of a new ore handling system to service the south end of the mine was completed. This system enables the mine to maintain production at the planned level. Work is ongoing to ensure the structural reliability of the ore pass system and to upgrade the ventilation system in the lower part of the mine where 70% of the reserves and planned production is focused. Work is also being carried out in the 425 metre Main Ore Zone to recover approximately 2.1 million tonnes of reserves that were abandoned in the early seventies because of an oxidation problem.

Bell Allard Mine, Matagami Division

History and Location

The Bell Allard zinc/copper mine commenced commercial production in January 2000 with an anticipated life of approximately five years. As planned, ore reserves at the Bell Allard mine will be depleted in 2004. As a result, the Company will cease operations at the mine during the fourth quarter of 2004.

The mine is located 10 kilometres southwest of the town of Matagami in north-western Québec, approximately two kilometres south of the Matagami concentrator. The 95-hectare property is covered by Mining Lease #830, which will, unless extended, expire on December 1, 2016. The lease permits exploitation of the mineral rights belonging to the Crown. Noranda has owner's rights and obligations but may use the surface only for mining operations.

Mineral Reserves and Resources[(1)]

The Bell Allard deposit is similar to other deposits that Noranda has mined in the Matagami area. It is a typical volcanogenic massive sulphide deposit located at or near the contact between the Watson Lake Rhyolite and the overlying Wabassee Basalt. The deposit is sitting on top of its alteration zone and is intruded on by three main dyke families. A tectonic overprint affects the deposit and drags the mineralization to the north, resulting in a gradual transition between pipe system and the massive sulphide lens.

The mineral reserve estimate is based on assays from underground definition drilling, geological interpretation of drill cores and underground mapping of development areas. The data is used to develop a three-dimensional model of the geology, mineralization and underground development areas. Block grades are interpolated from drill hole assays using the Inverse Distance Squared method.

Proven and probable mineral reserves are based on the mineral resource model after applying stope, engineering and dilution criteria. The minimum mining width used is 3.0 metres. Mineral reserves are reported using a 9% zinc equivalent cut-off. The assumed metal prices and exchange rate were zinc $0.42 per lb., copper $0.90 per lb., silver $5.00 per troy ounce, gold $350 per troy ounce and Cdn$1.35 for US$1.00.

As of December 31, 2003, proven reserves totalled 689,000 tonnes averaging 15.25% zinc, 0.11% lead, 1.08% copper, 38.2 grams of silver per tonne and 0.42 grams of gold per tonne. No mineral resources are estimated. Approximately 781,000 tonnes of mineral reserves were milled in 2003. The mineral reserves were decreased by 0.8 million tonnes due to mine production in 2003.

Operations

There are four main production levels and two shafts provide access to the mine. The production shaft is 1,140 metres deep and is used mostly to hoist personnel, ore and waste. This shaft carries all compressed air, water and fuel services for the mine. The 900-metre exhaust shaft is used to hoist equipment and supplies and serves as an emergency exit. It also carries the paste fill line.

Notes:

(1) For Qualified Person information with respect to the mineral reserve and mining resource estimate, see "Mineral Reserves and Resources" in Item 4.3 of this Annual Information Form.

A longhole stoping method is used with a pillarless, pyramid-shaped open stope sequence. Paste fill is required to fill the empty stopes immediately after mining. The entire sulphide envelope occurs at a vertical depth of between 900 and 1,175 metres. It is delimited over a strike length of approximately 300 metres and the deposit dips 45 to 60 degrees to the southwest.

Ore is processed in the concentrator using grinding, differential flotation, concentrate filtering and drying technologies to produce zinc and copper concentrates. Approximately 45% of the flotation tailings are used to produce paste backfill. Residual tailings are sent to the tailings impoundment facility where water runs through an effluent treatment facility prior to discharge to the environment.

Most of the zinc concentrate produced at the mine is shipped to the CEZ refinery, while the copper concentrate is shipped to the Horne smelter.

In 2003, Bell Allard produced 109,679 tonnes of zinc contained in concentrate (2002 − 84,792 tonnes). Zinc recoveries in the mill were 93.7% (2002 − 92.3%).

Brunswick Smelter

The Brunswick smelter, located in Belledune, New Brunswick, is a lead smelter that processes lead concentrates from the Brunswick mine as well as a wide range of offshore lead and lead/silver concentrates and residues. Consistent with our strategy of increasing our flexibility to treat complex feed materials, construction was completed on a new silver refinery in the first quarter of 2001.

The Brunswick smelter also operates a battery recycling facility in Belledune, New Brunswick that processed 4,500 tonnes in 2003 (2002 − 9,000 tonnes). Most of the used batteries are sourced from the Atlantic Provinces with Québec and the New England states providing the balance.

In December 2002, the Company announced that the Brunswick smelter will change to a seasonal operation effective July 1, 2003. The plant will run for eight months a year on Brunswick mine concentrates and third-party sulphates and other third-party material and will be shut down for the remaining four months each year. However, in 2004, the plant will run for more than eight months due to excess concentrate on hand at the end of 2003.

CEZ Refinery

The CEZ refinery (in which Noranda has a 25% interest through its interest in the Noranda Income Fund) located in Valleyfield, Québec procures and processes zinc concentrate for the production of zinc metal and powders. It is located near the St. Lawrence Seaway and has access to road, rail and sea transportation links. In 2002 and 2003, over 80% of the zinc concentrate processed at the CEZ refinery was sourced from mines owned or partly owned by Noranda, including the Brunswick mine, Bell Allard mine and Antamina. The refinery's products are marketed in the United States, Canada, Europe and Asia.

A plant optimization project increased nominal annual plant capacity from 225,000 tonnes to 255,000 tonnes in 1999. Further plant debottlenecking and continuous improvement projects are proceeding and in 2003 the plant achieved output of 267,270 tonnes (2002 − 271,075 tonnes).

In May 2002, Noranda sold the CEZ processing facility to the Noranda Income Fund for a combination of cash and ordinary and priority units of the Fund. These priority units were then sold by Noranda pursuant to two separate public offerings. Noranda continues to own a 25% interest in the Fund in the form of ordinary units, which are subordinated in respect of cash distributions to the priority units until 2017.

Noranda has entered into a processing agreement to sell to the refinery up to 550,000 tonnes of zinc concentrate annually until 2017, an amount expected to support 100% of its annual production at planned rates for that period. The refinery pays Noranda for the concentrate based on the LME price for "payable zinc metal" contained in the concentrate less a treatment charge or processing fee, initially set at Cdn$0.352 per pound of payable zinc metal. The processing fee is adjusted annually to reflect changes in certain costs.

Pursuant to various management agreements, Noranda will continue to operate and manage the refinery and also provides management, marketing and other administrative services to the Fund.

NorFalco LLC

In April 1998, the Company, Falconbridge and DuPont agreed to form Noranda DuPont LLC, a joint venture to market, transport and distribute sulphuric acid in North America. On June 29, 2001, Noranda DuPont LLC redeemed DuPont's 50% voting interest in Noranda DuPont LLC and its name was changed to NorFalco LLC. NorFalco LLC purchases and resells to consumers all of the Company's and Falconbridge's Canadian sulphuric acid production.

NorFalco LLC has developed an extensive distribution infrastructure of tank cars, trucks, marine tankers and terminals in order to supply approximately 2.1 million tonnes of sulphuric acid to consumers in North America. Its staff is based at its head office near Cleveland, Ohio and at the office of its wholly-owned Canadian subsidiary, NorFalco Sales Inc., near Toronto, Ontario. NorFalco LLC is owned by Noranda (65%) and Falconbridge (35%).

4.1.4 Aluminum

Noranda Aluminum, Inc. ("Noranda Aluminum") operates five plants in the United States that produce primary aluminum and/or aluminum foil. In 2003, approximately 94% (2002 − 91%) of sales were to United States customers. As of December 31, 2003, Noranda Aluminum had 1,925 employees (2002 − 1,950).

Noranda Aluminum's fabricated products operations purchase the majority of their primary metal requirements from third parties. This allows the primary reduction plant to optimize product mix by selling value-added products to third parties.

Primary Products

Noranda Aluminum operates a primary aluminum reduction plant located adjacent to the Mississippi River, near New Madrid, Missouri. The plant has three potlines that produced 244,044 tonnes of molten aluminum in 2003 (2002 − 236,459 tonnes), a carbon plant that produces anodes for the reduction cells, and a cast house capable of producing 1,500 lb. standard ingots and value-added products such as billet, electrical conductor rod and foundry alloy.

Alumina requirements are supplied under medium-term contracts with third parties at prices that generally vary with aluminum prices. All of the alumina is purchased from south-central United States suppliers.

The Noranda Aluminum aluminum smelter in New Madrid, Missouri uses approximately 500 megawatts of power annually. Noranda Aluminum's existing two-year power contract expires May 31, 2005. The current contract is based on market terms which, depending on market conditions, could increase the plant's annual cost of electricity by $36 million over the prior contract. Negotiations for longer term power are currently underway with several power suppliers in the region.

Fabricated Products

Norandal USA, Inc. ("Norandal") operates four plants in the South-eastern United States that combine to serve a broad range of customer needs. Norandal is the second largest producer of aluminum foil products in North America. In 2003, third-party shipments amounted to 147,000 tonnes (2002 − 128,000 tonnes).

The original Huntingdon, Tennessee plant, which Norandal has operated since 1979, has an approximate annual production capacity of 60,000 tonnes. It produces heavy − gauge foil from continuous cast metal, serving the electrical, household foil and air conditioning fin stock markets. The Salisbury, North Carolina plant also operates continuous casters and has an approximate annual production capacity of 43,000 tonnes of light foil. The Newport, Arkansas facility processes re-roll material into lighter gauge coated and uncoated foil. It can produce approximately 15,000 tonnes annually. The major products produced at the Salisbury and Newport plants are flexible packaging materials, air-conditioning fin stock and converter foil used in food containers.

In 2002, the Company completed construction of a modern aluminum foil plant at a cost of $226 million (excluding financing) to reinforce Norandal's position as a leading, low-cost supplier of heavy-gauge foil products. The foil plant is located adjacent to the existing Huntingdon plant and has an annual production capacity of approximately 107,000 tonnes of heavy-gauge foil, bringing Norandal's total foil production capacity to 225,000 tonnes. The plant utilizes state-of-the-art technology in casting, rolling and material handling. The new foil plant includes four new continuous casting machines, a high-speed, wide-width rolling mill with associated finishing equipment and an automated product storage and retrieval system. The automated storage and retrieval system is designed to reduce cooling time and lower handling costs. The high speed, low-gauge casters and wide-width rolling mill are designed to improve product quality, lower scrap rates and increase productivity.

4.1.5 Exploration and Project Development[(1)]

The Company's and Falconbridge's exploration groups have been integrated. The integrated team conducts world-wide exploration on behalf of the Company and Falconbridge with the focus of the Company being primarily copper and copper-polymetallic exploration and the focus of Falconbridge being primarily the nickel and platinum group metals.

The Company and Falconbridge have also integrated their respective project development groups. The integrated project group assumes primary responsibility for projects when they reach the pre-feasibility stage.

Noranda

The mandate of the Noranda exploration group is to discover strategically sized deposits with a life in excess of 15 years which are expected to provide a 15% return on equity after tax. The current focus is on copper exploration with the exception of copper-zinc exploration in the Québec Abitibi region in support of the Canadian Copper and Recycling business unit. Exploration by the Company totalled approximately $13 million in 2003 and the planned expenditures for 2004 total $7 million.

In addition to exploration activities, the exploration group provides support to business development within the company through participation in advanced project evaluations. Exploration management in Noranda is committed to environmentally and socially responsible exploration and to this end has implemented environmental and community relations training throughout the group. The group also emphasizes utilization of best exploration technologies to achieve competitive advantage and increase the likelihood of success.

Notes:

(1) For Qualified Person information with respect to the mineral reserve and mining resource estimate, see "Mineral Reserves and Resources" in Item 4.3 of this Annual Information Form.

Canadian and international exploration is directed from the Company's corporate office in Toronto. Other exploration offices are located in:

Laval, Québec	Matagami, Québec	Santiago, Chile
Brisbane, Australia	Belo Horizonte, Brazil	Hermosillo, Mexico

During 2004, exploration projects are planned in Canada (Québec, New Brunswick and British Columbia), Mexico, Brazil, Chile, Turkey, Papua New Guinea and Australia. Exploration activity in other areas will be predicated on suitable acquisitions or new projects that meet corporate objectives. As of December 31, 2003, the permanent exploration staff of the Company comprises 49 employees, including 39 geologists and geophysicists.

El Pachón, Argentina

The acquisition of the El Pachón project from Cambior Inc. was completed in September 2001. The property is located in the province of San Juan, Argentina at an elevation of 3,600 to 4,100 metres about three kilometres from the Chilean border and seven kilometers from the Los Pelambres mine. Diamond drilling, geological mapping and reinterpretation of the resource model were completed in 2003 with the objective to identify higher grade resources within the known resource and test exploration targets. Geological work and a drilling campaign resulted in the estimation of mineral resources on the property as follows:

Mineral Resources at a 0.4% Cu Cut-off Grade

Classification	Tonnage M t	% Copper	% Molybdenum	g/t Silver
Measured	37	1.15	0.033	4.0
Indicated	687	0.62	0.014	2.5
Sub-total	**724**	**0.65**	**0.015**	**2.6**
Inferred	560	0.52	0.014	2.6

In 2004, Noranda plans to update a Feasibility Study prepared by Cambior in 1997.

El Morro, Chile

The El Morro property is located in Region III, 140 kilometres east of the port of Huasco at an elevation of 4,000 to 4,300 metres. The La Fortuna zone on the El Morro property contains an inferred mineral resource estimated at 466 million tonnes grading 0.61 percent copper and 0.50 grams per tonne gold at a copper cut-off of 0.4 percent copper. The El Morro resource, located five kilometers West-Northwest of La Fortuna, contains an inferred mineral resource estimated at 45 million tonnes grading 0.5% copper and 0.2 gram per tonne gold at a cut-off grade of 0.4% copper.

Noranda has the right to earn a 70% interest in the El Morro property from Metallica Resources Inc. by paying $10 million in cash to Metallica Resources Inc. on or before September 14, 2005 and by preparing a feasibility study by September 14, 2007. If either party dilutes its interest in the property to 10% or less, their interest will convert to 2% net smelter royalty. Other agreement obligations have been met, including an initial cash payment of $300,000, subscribing for $1 Million in shares of Metallica Resources Inc. and completing aggregate expenditures on the property of more than $10 million. The investment in shares provided Noranda with 918,563 shares of Metallica Resources Inc. at an average share price of Cdn$1.67 per share. The Company intends to maintain the property and satisfy its outstanding legal and environmental obligations. In February 2004, Noranda notified Metallica Resources Inc. that the 2004 project budget was estimated at $1.655 Million and the key element of the work plan is a 8,000 meter diamond drill program to be initiated in the fourth quarter.

West Wall, Chile

The West Wall property is located in Region V, about 100 kilometres north of Santiago, Chile at an elevation of 3,000 - 3,700 metres, and is being explored under a joint venture with Minera Anglo-American Chile. Noranda has the right to earn up to a 60% interest by completing prescribed work commitments, a cash payment of $1 million and the completion of a feasibility study. A low grade porphyry resource was identified on the property in the 1980's by Minera Anglo-American Chile. Noranda has discovered a new porphyry system, referred to as the Lagunillas zone, located three kilometres southwest of the known low grade resource. Diamond drilling in 2002 indicated a secondary enriched blanket of copper mineralization underlain by significant primary mineralization. The zone extends over an area of 1,200 metres north-south and ranges from 350 to 450 metres in width. In 2003, no additional drilling was executed. Additional drilling will be required to further test the potential of the discovery. An option agreement was executed with BHP-Billiton on a group of mineral concessions favourably located adjacent to the joint venture property. These concessions have been incorporated into the joint venture. Additional geologic and geochemical surveys were carried out during the 2003-2004 Andean summer field season in preparation for a drill campaign scheduled to start in January 2005.

Frieda River, Papua New Guinea

Noranda optioned the Frieda River property in Papua New Guinea from Highlands Pacific Ltd. ("Highlands Pacific") in January 2002. The property is located in Northern Papua New Guinea and contains mineral resources in three separate porphyry deposits (Horse-Ivaal-Trukai, Koki and Nena). The agreement with Highlands Pacific allows for Noranda to earn a 72% interest in any or all of the properties by spending an aggregate $5 million over five years and completing a feasibility study on an elected property or properties. The 72% interest is subject to reduction if the Papua New Guinea government exercises its right to acquire a 30% interest in the project. During the option period, Noranda may acquire 72% of the Nena copper-gold deposit, which is located within the Frieda River Property by paying $10.8 million and completing a feasibility study.

As part of a 1996 prefeasibility study, Highlands Pacific estimated an inferred resource of 274 million tonnes of 0.4% copper and 0.3 grams per tonne gold, at a 0.2% copper cut-off grade for the Koki system and the Nena deposit is estimated to contain measured and indicated resources totalling 49.8 million tonnes at 2.2% copper and 0.6 grams of gold per tonne at a 0.5% copper cut-off grade. Data compilation, diamond drilling, geological modelling and resource estimation were completed on the Horse-Ivaal-Trukai deposit in 2003. At a 0.5% copper cut-off grade, the deposit is estimated to contain indicated mineral resources totalling 65 million tonnes at a grade of 0.74% copper and 0.43 grams per tonne gold plus inferred mineral resources totalling 400 million tonnes grading 0.7% copper and 0.4 grams per tonne gold.

Perseverance Deposits, Quebec

The Perseverance deposits are located close to Noranda's existing mine infrastructure in Matagami, Quebec. A feasibility study on the Perseverance and Equinox deposits has been completed under Noranda's internal review process. The Company has not yet taken a decision on the timing of any production.

The Perseverance property is controlled under the terms of a joint venture agreement between Noranda and Société de Développement de la Baie James ("SDBJ"). Under the terms of the agreement, Noranda holds a 90% interest in the property and SDBJ has the right to participate to the extent of a 10% interest in the property after completion of a positive feasibility study or to convert its interest to a 2% net smelter royalty. Should SDBJ elect to participate, it will be required to fund its share of development costs. Should SDBJ convert its interest to a 2% net smelter royalty, Noranda will hold a 100% interest in the property and will have the option to reduce the royalty to a 1% net smelter royalty by making a payment of Cdn$1 million to SDBJ.

A deep penetrating magneto-telluric geophysical survey was completed in the Perseverance area in late 2002. Three holes were drilled during 2003 to test the best anomalies Northwest of the deposits. None of the drillholes intersected significant Zn-Cu base metal mineralization. Work to revise and update the Perseverance feasibility study began in 2003 and is scheduled to be completed in 2004.

Lady Loretta, Australia

The Lady Loretta project is located north of Mount Isa, in Queensland, Australia. After completing a preliminary feasibility on the project, Noranda exercised its option to acquire a 75% interest in the Lady Loretta project in December, 2000 from its partner, BUKA Minerals Limited. Permitting is complete. Queensland government approval has been granted for the transfer to BUKA Minerals Limited of the Lady Annie part of the property, defined as the Lady Annie sublease. The company is considering the timing for production and this has not been decided yet.

Lennard Shelf, Australia

In April 2004, Noranda entered into an agreement with Teck Cominco Limited ("Teck Cominco") to earn a 50% interest in the Lennard Shelf mineral properties, plant and equipment and infrastructure in Western Australia. In order to earn its 50% interest, Noranda will be required to effectively invest approximately A$26 million in exploration, operating, capital expenditures or other advances in Lennard Shelf. The property was acquired by Teck Cominco from Western Metals Limited ("Western Minerals") in October 2003 for A$26 million (A$1=US$0.68).

The Lennard Shelf mines are currently on care and maintenance. Work was suspended by Western Metals in late November 2003. Noranda and Teck Cominco will endeavor to produce a redevelopment plan for the assets. Work will include a detailed review of reserves and resources, as well as mine planning and other optimization work, and the generation of an exploration program to further define and expand resources and reserves. A decision to restart the Lennard Shelf mines will depend on the outcome of this work program, as well as market conditions.

Lennard Shelf, located in the Kimberly region of Western Australia, 2,500 kilometers north-east of Perth, consists of a number of Mississippi Valley type lead/zinc deposits and a mill with an annual capacity of 3.1 million tonnes of ore. In the year ended June 30, 2003, Lennard Shelf produced 176,000 tonnes of zinc and 70,000 tonnes of lead.

Falconbridge

The Falconbridge exploration group is organized around four activities: exploration support for existing operations; project and business development support; world-wide "greenfield" exploration and project generation; and technical support, technology and mineral reserve/ resource evaluation and reporting.

The mandate of the Falconbridge exploration group is to add mineral reserves at the existing operations; add new low cost nickel and platinum group metal mineral reserves through exploration or acquisitions to enable Falconbridge to pursue profitable growth; ensure that technological advances in exploration methodology are used to improve efficiency; and conduct safe and environmentally responsible exploration.

Exploration in support of existing operations in Canada is conducted from offices in Sudbury, at the Kidd Creek mine site and from a field office at the Raglan site. Greenfield exploration in North America is carried out from an office in Laval, Quebec. International greenfield exploration is conducted from Falconbridge's Toronto office and from offices in Brisbane, Australia, Belo Horizonte, Brazil and Pretoria, South Africa. Administration, accounting, legal and technical support is provided from Falconbridge's Toronto corporate office.

At December 31, 2003, Falconbridge had a permanent exploration staff of 62, including 51 geologists and geophysicists.

Falconbridge's exploration expenditures, excluding capitalized expenditures, for the two years ended December 31, 2003 and its planned exploration expenditures for 2004 are as follows:

	2004 (Planned)	2003	2002
		($ millions)	
Support of core operations in Canada	15	13	12
Exploration projects in Canada	2	3	3
Exploration projects outside Canada	5	7	7
Total	22	23	22

Sudbury Operations, Ontario

The Sudbury area is one of the world's largest sources of nickel and contains significant copper, cobalt, silver, gold and platinum group metals. In addition to its operating mines, Falconbridge has large property holdings covering favourable geology of the Sudbury Igneous Complex.

Exploration in 2003 has added to the mineral resource at Nickel Rim South located 2.7 kilometres north of the airport at a depth of approximately 1100-1600 metres. Surface drilling as of March 11, 2004 has defined an inferred resource consisting of 13.2 million tonnes of 1.7% nickel, 3.5% copper, 1.9 grams per tonne platinum, 2.2 grams per tonne palladium and 0.8 grams per tonne gold. This project has entered the stage-gate process and a decision to proceed with a five-year underground definition program costing $368 million was announced on March 11, 2004. Drilling in 2003 on Fraser Morgan zones 8 and 9 resulted in indicated resources totaling 3.8 million tonnes grading 1.7% nickel and 0.5% copper. Fraser Morgan also contains 2.5 million tonnes of inferred resources grading 1.4% nickel and 0.4% copper.

Falconbridge spent $8.6 million on exploration in support of the Sudbury operations in 2003 and plans to spend $9.1 million in 2004. In addition, diamond drilling and other exploration was carried out on certain of Falconbridge's properties by option and joint venture partners, who also have exploration programs planned for 2004.

Raglan, Quebec

An annual exploration program in 2003 resulted in the discovery of approximately 260,000 tonnes of nickel and copper mineral reserves in Zone 3. When added to mining gains of 200,000 tonnes, approximately half of the annual production of 869,000 tonnes was replaced. Total mineral resources were increased by 900,000 tonnes due to discoveries at Zones 2, 3, 5-8, Donaldson and Katinniq.

The Company spent $5.9 million ($3.2 million after Quebec tax credits) in 2003 in support of the Raglan operation, and plans to spend $7.3 million ($4.4 million after Quebec tax credits) in 2004.

Kidd Creek Operations, Ontario

Exploration in the Timmins region in support of the Kidd Creek operations focuses primarily within 10 kilometres of core infrastructure. Regional airborne geophysical surveys aimed at generating and evaluating high quality electromagnetic targets were completed in 2003. Funding for the completion of three separate airborne surveys totaling over 23,000 line kilometers was obtained from a Province of Ontario geoscience initiative. Exploration agreements were signed with junior partners to fund follow-up of the surveys at minimal cost to the corporation.

Ongoing exploration at the Kidd Creek mine is focused on targets near underground infrastructure identified through a re-compilation of all mine data using three-dimensional computer modeling technology. Funding is partially provided by the Kidd operating budget.

Falconbridge spent $700,000 on its Timmins region exploration program in 2003 and intends to spend approximately $300,000 in 2004. Regional exploration programs are supplemented by additional funds supplied through joint venture initiatives with other companies.

Côte d'Ivoire, Africa

Falconbridge is the operator of the joint venture with La Société pour le Développement Minier de la Côte d'Ivoire, the state mining company of the Côte d'Ivoire, encompassing four significant nickel/cobalt bearing laterite deposits (Sipilou North, Foungouesso, Moyango and Viala) and three other occurrences (Sipilou South, Yamatoulo and Touoba). Falconbridge has an 85% interest in the project.

Exploration work has identified an indicated resource of 123.9 million tonnes of 1.57% nickel and 0.10% cobalt plus an inferred resource of 134.2 million tonnes of 1.39% nickel and 0.12% cobalt. Hydrometallurgical exploitation of the resources is potentially viable provided several key requirements can be satisfied, such as the development of a rail link to the coast.

Following a coup d'état in December 1999, there has been a period of political turmoil in the Côte and the future political situation in the country continues to be uncertain.

Koniambo Project, New Caledonia

In 1998, Falconbridge entered into a joint venture agreement with Société Minière du Sud Pacifique S. A. and its controlling shareholder, Société de Financement et d'Investissement de la Province Nord, for the evaluation and development of a 60,000 tonne per year nickel in ferronickel mining and smelting complex. The project is based on the Koniambo deposit located in the Northern Province of New Caledonia near the provincial capital of Kone. Falconbridge has a right to earn a 49% interest in the project.

A work program leading to the production of a bankable feasibility study began in the fourth quarter of 1998. The prefeasibility study was completed in August of 2002.

Further geological drilling was completed in early 2003 to allow classification of resources in the measured and indicated categories, and the creation of a block model and a resource estimate. A reserve estimate was prepared and a 25 year mine plan developed for inclusion in the bankable feasibility study. Work continued on preparation of an environmental impact assessment and completion is expected in the first half of 2004. Planning commenced for preparation of applications for permits for construction and operation of the project. The bankable feasibility study commenced in September 2003, including a geotechnical investigation program at the Vavouto process plant site, port area and channel and Pouembout River water storage dam. The bankable feasibility study is scheduled to be completed in the third quarter of 2004. The financing plan is being developed in parallel and discussions with the French government to finalize the financing structure are continuing. In 2003, $28.6 million was spent on the study program, bringing the total expenditure to the end of the first quarter of 2004 to $135 million (including capitalized interest of $7 million). Total project cost through to the completion of the bankable feasibility study is expected to be $160 million.

Montcalm Project, Ontario

A feasibility study for the Montcalm nickel-copper property located 70 kilometers Northwest of Timmins, Ontario was completed during the second quarter of 2003. The study is based on probable mineral reserves totaling 5.1 million tonnes grading 1.46% nickel and 0.71% copper. The study results indicate that Montcalm will produce at a rate of 750,000 tonnes annually and the ore would be milled and concentrated at the Kidd Creek Metallurgical Complex. Production is scheduled to begin in the first quarter of 2005 and could contribute up to 8,000 tonnes annually to nickel output from the Sudbury smelter.

4.2 Principal Subsidiaries and Associates

4.2.1 Falconbridge Limited

Falconbridge, directly and through its subsidiaries and associated companies, is engaged in the exploration, development, mining, processing and marketing of metals and minerals. Falconbridge is also engaged in the custom feed business through the processing and recycling of third-party materials. Falconbridge's principal products are nickel, ferronickel, copper, zinc and cobalt, in addition to other metals such as silver, gold, platinum group metals, cadmium, indium and sulphuric acid. Falconbridge's mining and mineral processing facilities are located in Canada, Chile, Norway and the Dominican Republic.

Of Falconbridge's total revenues in 2003 of $2,083 million (2002 − $1,525 million), 27% (2002 − 28%) were generated from sales to customers in the United States, 43% (2002 − 43%) from customers in Europe, 8% (2002 − 10%) from customers in Canada, and 22% (2002 − 19%) from customers in other countries. Nickel and ferronickel accounted for 49% of sales (2002 − 42%), copper for 33% (2002 − 41%), zinc for 5% (2002 − 8%), cobalt for 3% (2002 − 3%) and 10% (2002 − 6%) from other products.

Approximately 34% of Falconbridge's combined nickel and ferronickel sales are used in the manufacture of stainless steel.

The strategic focus of Falconbridge continues to be in nickel and copper. While this focus is narrow compared to some of its larger competitors, Falconbridge believes it is important to be a significant participant in two major businesses rather than a small player in a variety of sectors.

At December 31, 2003, Falconbridge employed 6,275 people (2002 − 6,457) at its various locations around the world.

The Company owned, directly and indirectly at December 31, 2003, approximately 59.2%, and public shareholders owned approximately 40.8%, of the outstanding common shares of Falconbridge.

Exploration

See 4.1.5 "Exploration and Project Development − Falconbridge".

Technology

Falconbridge participates in a number of focused exploration research projects designed to reduce the cost of mineral exploration and increase the likelihood of success. Projects include the areas of geophysics, geology, geochemistry and remote sensing.

Falconbridge also has metallurgical technology facilities at the Falconbridge Technology Centre in Sudbury and the Nikkelverk refinery. Research is conducted at these facilities to provide mineral analyses, to develop new methods for treating ores and custom feeds, to develop improved nickel, copper and cobalt products, and to develop environmentally sustainable production technologies. The primary focus of research at the Sudbury Technology Centre is on developing new technologies in hydrometallurgy and pyrometallurgy for nickel laterites and nickel and copper sulphides for Falconbridge and Noranda. Pilot plant facilities for metallurgical testing are located at the Sudbury Technology Centre and the Nikkelverk refinery.

Expenditures on research and process development for the years ended December 31, 2003 and 2002 were $13.0 and $8.2 million, respectively.

Marketing and Sales

Falconbridge's marketing and sales activities are conducted through three subsidiaries located in Pittsburgh, United States, Brussels, Belgium and Tokyo, Japan. These operations market and sell nickel, ferronickel, cobalt and other products (including silver, gold and the platinum group metals) throughout the world. Sales and marketing support is provided from the corporate offices in Toronto.

Falconbridge has an agreement with the Company whereby the Company acts as the sales agent for the products, other than sulphuric acid of the Kidd Metallurgical Division.

4.2.2 Novicourt Inc.

The Company owns a 62.1% interest in Novicourt Inc., a publicly-traded Quebec company. Novicourt's primary asset is a 45% direct interest in the Louvicourt copper/zinc mine located near Val-d'Or, Quebec. Novicourt also owns a 45% interest in the Louvaur Joint Venture, which carries out exploration on land surrounding the Louvicourt deposit. Novicourt also participates in exploration joint ventures with Noranda in the Abitibi region of Northern Québec.

The Louvicourt mine maintained production at a rate of over 3,400 tonnes of ore per day in 2003. Copper production from the Louvicourt mine in 2003 was 13% lower than in 2002, mainly due to reduced ore production partially set off by higher copper ore grades averaging 3.2% (2002 − 3.1%). Copper production was 38,000 tonnes of accountable copper (2002 − 43,000 tonnes) and zinc production was 18,000 tonnes of contained zinc (2002 − 20,000 tonnes). Due to lower production, Novicourt's total net revenue in 2003 was Cdn$39.8 million, 10% below total net revenue of Cdn$44.4 million in 2002.

Mineral Reserves and Resources

The proven and probable mineral reserves represent portions of the measured and indicated resources that are economically viable after allowing for waste-rock dilution, for extraction losses and for historic mine-mill grade adjustment factors. The dilution estimate averages 13.3% based on assigning 10% to primary stopes and 18% to secondary stopes except for the 680L sill pillar where 10% and 20% have been assigned respectively. Mine recovery of 95% is applied to all stopes except some pillars where recovery is expected to be lower. The mineral resources are estimated using a net smelter return cut-off of Cdn$36.00 per tonne. The assumed metal prices and exchange rate were zinc $0.40 per lb. in 2004 and $0.50 in 2005, copper $0.85 per lb. in 2004 and $0.95 in 2005, silver $5.00 per troy ounce in 2004 and 2005, gold $325.00 per troy ounce in 2004 and $350 in 2005 and 1.35 Cdn$ for 1.00 US$ in 2004 and $1.43 Cdn$ in 2005.

Proven and probable mineral reserves at December 31, 2003 totalled 1.641 million tonnes averaging 2.01% zinc, 2.74% copper, 24.0 grams of silver per tonne and 0.85 grams of gold per tonne. Approximately 1.26 million tonnes of proven mineral reserves were milled in 2003. At planned operating rates, the mineral reserves at the Louvicourt Mine will be depleted in 2005.

The Louvicourt mine reserves estimate has been prepared and classified by AUR Resources Inc. as operator of the Louvicourt Joint Venture. Mineral reserve estimates were the responsibility of Bernard Salmon (P.Eng. Chief Geologist, Louvicourt Mine) and Denis Fleury (P.Eng, Chief Engineer, Louvicourt Mine).

4.2.3 American Racing Equipment, Inc.

American Racing Equipment, Inc. ("ARE") is the largest after-market aluminum automotive wheel distributor in North America. In its 2004 report titled "The North American Wheel Aftermarket", Frost & Sullivan estimates that ARE has a leading market share of 21%. Aluminum wheels are manufactured at two plants in Los Angeles, California and one plant in Tijuana, Mexico. In 2003, ARE sold 1,498,000 wheels and had total sales revenue of $165 million. The majority of the wheels sold by ARE were manufactured under contracts with Chinese suppliers.

ARE supplies the automotive after-market through a network of 41 warehouses and sales offices and employs approximately 995 people. Management at ARE is focused on improving efficiency and reducing operating costs while maintaining high levels of quality, market share and customer satisfaction.

4.2.4 Magnola Metallurgy Inc.

In January 2003, Noranda announced its plans for an indefinite shutdown of its magnesium business, which is held by Magnola Metallurgy Inc., a company owned 80% by Noranda, in response to major structural changes which have taken place in the global magnesium industry. A pre-tax charge of $520 million was recorded in the Company's 2002 year-end financial results to reduce the carrying value of the magnesium project, as a result of the market conditions.

In 1997 when the decision to proceed with the Magnola project was made, magnesium offered very attractive growth opportunities, on the premise of its inherent strength-to-weight characteristics and the potential demand in the automobile industry. Since that time, the rapidly increasing, low-cost Chinese production, which now sells below the cash production costs of Western magnesium producers, has depressed prices.

At the time of the announcement of the shutdown, there were approximately 380 employees located at the magnesium operations in Danville, Québec.

In 2003, a further $33 million pre-tax charge related to costs incurred to shut down the plant was recorded in the first quarter. After the shutdown, the book value of Noranda's magnesium business is approximately $241 million.

4.3 Statistical Tables

The following table set out Noranda's mine, smelter and refinery production, as well as the Company's primary aluminum production for the three years ended December 31, 2003:

PRODUCTION VOLUMES

Mine Production – Metal in concentrate[1]

	Noranda's Av. Beneficial Interest (%)	2003[2]	2002[2]	2001[2]
			(tonnes)	
Copper				
Kidd Creek	59.5	46,409	45,434	42,340
Sudbury Operations	59.5	29,161	31,050	22,858
Collahuasi	26.2	168,578	185,014	193,135
Lomas Bayas	59.5	60,427	59,304	24,702
Raglan	59.5	6,628	6,500	6,915
Antamina	33.75	85,188	111,599	27,148
Louvicourt	28.0	17,002	19,527	22,479
Other	100	16,517	16,174	17,166
Total		429,910	474,602	356,743
Noranda Inc.'s share		297,429	328,071	217,589
Zinc				
Brunswick	100	286,457	277,417	303,881
Antamina	33.75	122,422	77,876	18,836
Kidd Creek	59.5	75,528	104,083	81,670
Louvicourt	28.0	8,045	9,004	8,049
Matagami	100	109,679	84,792	88,754
Other	100	–	–	8,101
Total		602,131	553,172	509,291
Noranda Inc.'s share		568,493	505,517	469,433
Nickel				
Sudbury Operations	59.5	24,143	27,833	25,226
Raglan	59.5	25,110	24,636	24,570
Falcondo	50.7	27,227	23,303	21,662
Total		76,480	75,772	71,458
Noranda Inc.'s share		43,110	41,587	37,546
Cobalt				
Sudbury Operations	59.5	658	690	630

Raglan	59.5	463	386	318
Total		1,121	1,076	948
Noranda Inc.'s share		667	619	521
Lead				
Brunswick	100	77,724	76,177	83,127
Noranda Inc.'s share		77,724	76,177	83,127
Silver *(000 ounces)*				
Brunswick	100	6,172	6,228	7,051
Kidd Creek	59.5	2,676	3,671	2,865
Antamina	33.75	2,293	2,439	686
Other	100	643	597	776
Total		11,784	12,935	11,378
Noranda Inc.'s share		10,700	11,273	9,966

Smelter and Refinery Production[1]

	Noranda's Av. Beneficial Interest (%)	2003[2]	2002[2]	2001[2]
			(tonnes)	
Copper smelted				
Horne	100	132,739	147,020	188,145
Gaspé	100	–	29,612	108,673
Altonorte	100	260,971	147,059	145,991
Sudbury Operations	59.5	20,779	20,518	17,892
Kidd Creek	59.5	131,405	144,094	132,100
Total		545,894	488,303	592,801
Noranda Inc.'s share		484,259	418,326	525,305
Copper refined				
CCR	100	235,425	244,252	323,023
Kidd Creek	59.5	132,364	146,526	127,824
Nikkelverk	59.5	35,852	30,632	26,722
Collahuasi	26.2	27,895	26,678	26,180
Lomas Bayas	59.5	60,427	59,304	24,702
Total		491,963	507,392	528,451
Noranda Inc.'s share		388,065	395,531	436,008
Zinc refined				
CEZ[3]	100	–	86,984	265,525
Noranda Income Fund[3]	37.9	267,270	184,091	–
Kidd Creek	59.5	94,719	145,309	140,073
Total		361,989	416,384	405,598
Noranda Inc.'s share		157,653	260,672	342,565
Nickel smelted				
Sudbury Operations	59.5	59,831	57,854	54,892
Noranda Inc.'s share		35,599	33,260	30,191
Nickel refined				
Nikkelverk	59.5	77,183	68,530	68,221
Falcondo	50.7	27,227	23,303	21,662
Total		104,410	91,833	89,883
Noranda Inc.'s share		59,728	50,820	47,680
Cobalt smelted				

Sudbury Operations	59.5	2,196	1,955	1,788
Noranda Inc.'s share		1,307	1,124	983

	Noranda's Av. Beneficial Interest	2003[2]	2002[2]	2001[2]
Cobalt refined				
Nikkelverk	59.5	4,556	3,994	3,314
Noranda Inc.'s share		2,711	2,296	1,823
Lead refined				
Brunswick	100	60,776	90,167	98,868
Noranda Inc.'s share		60,776	90,167	98,868
Aluminum				
Primary operations	100	244,044	236,459	220,234
Noranda Inc.'s share		244,044	236,459	220,234
Silver refined *(000 ounces)*				
CCR Refinery	100	30,311	40,439	42,943
Noranda Inc.'s share		30,311	40,439	42,943
Gold refined *(000 ounces)*				
CCR Refinery	100	1,132	1,030	1,236
Noranda Inc.'s share		1,132	1,030	1,236

Notes:

(*) Owned through Falconbridge Limited.

(1) All production figures are shown on a 100% basis, with the exception of Collahuasi, which represents Falconbridge's 44% joint-venture interest, Louvicourt, which represents Novicourt's 45% joint-venture interest, and Antamina which represents Noranda's 33.75% joint-venture interest.

(2) Noranda's average beneficial interest in Falconbridge was 59.5 in 2003, 57.5% in 2002 and 55.0% in 2001. The average beneficial interest in Louvicourt was 62.1 in 2003, 62.1% in 2002 and 61.4% in 2001.

(3) The Company sold the CEZ refinery to the Noranda Income Fund in May 2002 and sold the remainder of its priority units in a secondary offering in 2003. It currently owns 25.0% of the Noranda Income Fund's outstanding units.

The following tables present Noranda's metal sales and concentrate sales, as well as average realized prices for the three years ended December 31, 2003.

SALES VOLUMES AND REALIZED PRICES

Metal Sales – payable metal[1]

	Noranda's Av. Beneficial Interest (%)	2003[2]	2002[2]	2001[2]
			(tonnes)	
Copper				
CCR	100	235,339	271,150	331,592
Kidd Creek	59.5	105,162	110,575	105,143
INO[4]	59.5	59,208	54,495	34,514
Collahuasi	26.2	33,721	45,496	37,476
Lomas Bayas	59.5	61,289	60,265	27,415
Total		494,719	541,981	536,140
Noranda Inc.'s share		389,670	426,851	294,877
Zinc				
Kidd Creek	59.5	98,628	145,411	141,671
CEZ[5]	100.0	–	85,383	260,196
Noranda Income Fund[5]	37.9	265,797	187,569	–
Total		364,424	418,363	401,867
Noranda Inc.'s share		159,421	260,832	338,115
Nickel				
INO[4]	59.5	78,978	71,153	65,239
Noranda Inc.'s share		78,978	40,906	35,881
Ferronickel				
Falcondo	50.7	27,133	21,446	24,572
Noranda Inc.'s share		13,764	10,512	13,515
Cobalt				
INO	59.5	3,400	2,932	2,316
Noranda Inc.'s share		2,023	1,686	1,274
Aluminum				
Primary operations	100	246,737	242,289	223,105
Noranda Inc.'s share		246,737	242,289	223,105

Fabricated aluminum				
Norandal	100	146,716	127,911	112,430
Noranda Inc.'s share		146,716	127,911	112,430
Aluminum wheels (000 units)				
American Racing Equipment	100	1,498	2,547	2,885
Noranda Inc.'s share		1,498	2,547	2,885

	Noranda's Av. Beneficial Interest	2003[2]	2002[2]	2001[2]
Lead				
Brunswick	100	60,452	90,896	99,535
Noranda Inc.'s share		60,452	90,896	99,535
Gold (000 ounces)				
CCR	100	1,004	953	1,128
Noranda Inc.'s share		1,004	953	1,128
Silver (000 ounces)				
CCR	100	30,870	41,210	41,291
Noranda Inc.'s share		30,870	41,210	41,291

Payable Metal in Concentrate[1]

	Noranda's Av. Beneficial Interest (%)	2003[2]	2002[2] (tonnes)	2001[2]
Copper				
Collahuasi[3]	26.2	134,426	142,028	154,382
Antamina[3]	33.75	84,817	113,806	28,739
Total		219,243	255,834	183,121
Noranda Inc.'s share		164,800	195,458	113,649
Zinc				
Antamina[3]	33.75	100,142	71,632	8,983
Kidd	59.5	11,964	3,007	–
Brunswick	100	245,931	210,487	175,609
Matagami	100	89,128	46,463	16,884
Total		447,165	331,589	201,476
Noranda Inc.'s share		442,320	330,311	201,476
Silver (000's ounces)				
Antamina	33.75	1,921	2,210	596
Noranda Inc.'s share		1,921	2,210	596
Average Realized Prices – ($US per pound, except as noted)				
Copper		0.82	0.74	0.73
Copper – Falconbridge		0.82	0.72	0.70
Zinc		0.43	0.40	0.45
Zinc – Falconbridge		0.41	0.39	0.44
Nickel		4.40	3.14	2.79
Ferronickel		4.20	3.16	2.85
Aluminum		0.68	0.65	0.70
Lead		0.27	0.23	0.25
Gold – ($ per ounce)		362.97	308.00	272.11
Silver – ($ per ounce)		4.89	4.60	4.40
Silver – Falconbridge – ($ per ounce)		4.80	4.61	4.39
Exchange Rate (US$1 = Cdn$)		0.71	0.64	0.65

Notes:

(*) Owned through Falconbridge Limited.

(1) All sales figures are shown on a 100% basis, with the exception of Collahuasi, which represents Falconbridge's 44% joint venture interest and Antamina, which represents Noranda's 33.75% joint-venture interest.

(2) Noranda's average beneficial interest in Falconbridge was 59.5 in 2003, 57.5% in 2002 and 55.0% in 2001. The average beneficial interest in Novicourt was 62.1 in 2003, 62.1% in 2002 and 61.4% in 2001.

(3) Sales figures include sales to Noranda Inc. and its subsidiaries.

(4) Comprised of Falconbridge's mines and plants in Sudbury and Raglan in Canada, a refinery in Nikkelverk in Norway and a significant custom feed business.

(5) Noranda sold the CEZ zinc refinery to the Noranda Income Fund in May 2002 and sold its priority units in a secondary offering in 2003. It currently owns indirectly 25.0% of the Noranda Income Fund's outstanding units.

MINERAL RESERVES AND RESOURCES

Unless otherwise indicated, all estimates of mineral reserves and mineral resources:

have been estimated in accordance with the Standards on Mineral Resources and Reserves Definitions and Guidelines of the Canadian Institute of Mining, Metallurgy and Petroleum as adopted by the Canadian Securities Administrators in NI 43-101.

were prepared, supervised or verified by Chester Moore who is Noranda's Director, Mineral Reserve Estimation and Reporting, a member of the Professional Geoscientists of Ontario with 30 years experience as a geologist and is a qualified person as defined in NI 43-101.

Mineral resources which are not reserves do not have demonstrated economic viability.

Mineral Reserves[1],[2],[3]

	Noranda Inc.'s beneficial Interest (%)		Dec. 31, 2003 (000's tonnes)	Grade						
				Copper (%)	Zinc (%)	Nickel (%)	Lead (%)	Silver (g/mt)	Gold (g/mt)	Molybdenum (%)
Noranda Inc.										
Copper Deposits										
Antamina[4]	33.8	Proven	275,000	1.27	1.01	–	–	14.1	–	0.03
	33.8	Probable	226,000	1.17	0.90	–	–	13.2	–	0.03
		Total	501,000	1.22	0.96	–	–	13.7	–	0.03
Zinc Deposits										
Brunswick Mine[5]	100	Proven	16,730	0.37	9.11	–	3.67	109.3	–	–
	100	Probable	2,452	0.23	9.11	–	3.63	90.9	–	–
		Total	19,182	0.35	9.11	–	3.66	106.9	–	–
Bell Allard Mine	100	Proven	689	1.08	15.25	–	0.11	38.2	0.42	–
		Total	689	1.08	15.25	–	0.11	38.2	0.42	–
Novicourt Inc.										
Louvicourt[6]	28.0	Proven	1,629	2.76	1.96	–	–	23.8	0.85	–
	28.0	Probable	12	0.16	9.42	–	–	48.3	0.99	–
		Total	1,641	2.74	2.01	–	–	24.0	0.85	–
Falconbridge Limited[7]										
Nickel Deposits										
Sudbury	59.2	Proven	5,588	1.34	–	1.40	–	–	–	–
	59.2	Probable	8,503	1.24	–	1.22	–	–	–	–
		Total	14,091	1.28	–	1.29	–	–	–	–
Raglan	59.2	Proven	8,308	0.77	–	2.86	–	–	–	–
	59.2	Probable	9,355	0.80	–	2.86	–	–	–	–
		Total	17,663	0.78	–	2.86	–	–	–	–

	Noranda Inc.'s beneficial Interest (%)		Dec. 31, 2003 (000's tonnes)	Grade Copper (%)	Zinc (%)	Nickel (%)	Lead (%)	Silver (g/mt)	Gold (g/mt)	Molybdenum (%)
Montcalm	59.2	Proven	–	–	–	–	–	–	–	–
	59.2	Probable	5,113	0.71	–	1.46	–	–	–	–
		Total	5,113	0.71	–	1.46	–	–	–	–
Falcondo	50.5	Proven	49,271	–	–	1.19	–	–	–	–
	50.5	Probable	11,656	–	–	1.16	–	–	–	–
		Total	60,927	–	–	1.18	–	–	–	–
Copper Deposits										
Kidd Creek	59.2	Proven	12,585	1.86	5.60	–	0.24	71.0	–	–
	59.2	Probable	8,239	2.23	7.00	–	0.19	53.0	–	–
		Total	20,824	2.01	6.15	–	0.22	64.0	–	–
Lomas Bayas	59.2	Proven	54,760	0.40	–	–	–	–	–	–
	59.2	Probable	309,171	0.33	–	–	–	–	–	–
		Total	363,931	0.34	–	–	–	–	–	–
Collahuasi[8]	26.0	Proven	254,146	1.01	–	–	–	–	–	–
	26.0	Probable	1,554,075	0.90	–	–	–	–	–	–
		Total	1,808,221	0.91	–	–	–	–	–	–

Notes:

(1) The mineral reserves were prepared using geostatistical or classical methods, plus economic and mining parameters appropriate to each operation.

(2) The mineral reserves are shown on a 100% basis.

(3) There are no known environmental, permitting, legal, taxation, political or other relevant issues that would materially affect the estimates of the mineral reserves.

(4) The Antamina mineral reserves have been estimated and provided by the operator of the joint venture. The estimates are inspected annually by Chester Moore. Estimates used the following metal prices: copper $0.90/lb, zinc $0.50/lb, molybdenum $3.25/lb, and silver $5.00/oz.

(5) Estimates used the following metal prices: zinc $0.44/lb, copper $0.90/lb, lead $0.26/lb, and silver $5.25/oz.

(6) The Louvicourt mineral reserves have been estimated and provided by the operator of the joint venture. The estimates are inspected annually by Chester Moore.

(7) Long term metal prices used for estimates are: nickel $3.25/lb, copper $0.90/lb, zinc $0.50/lb. Exchange rate of CDN$1.50 to US$1.00.

(8) The mineral reserves and resources have been estimated and provided by the operator of the joint venture based on a copper price of $0.95. The mineral reserves and resources are estimated and classified using the Australasian code for Reporting of Mineral Resources and Ore Reserves (the "JORC" code). These estimates have been restated to conform to the NI 43-101 mineral reserve and resource definitions. The estimates are inspected annually by Chester Moore.

Mineral Resources[1] (in addition to Mineral Reserves)

	Noranda Inc.'s beneficial Interest (%)	Category	Dec. 31, 2003 (000's tonnes)	Grade						
				Copper (%)	Zinc (%)	Nickel (%)	Grade (%)	Silver (g/mt)	Gold (g/mt)	Molybdenum (%)
Noranda Inc.										
Copper Deposits										
Antamina[2]	33.8	Measured	28,000	0.50	0.20	–	–	4.9	–	0.03
		Indicated	31,000	0.47	0.27	–	–	5.9	–	0.03
		Total	59,000	0.48	0.24	–	–	5.4	–	0.03
		Inferred	28,000	0.8	1.0	–	–	13	–	0.02
Zinc Deposits										
Brunswick Mine	100	Measured	1,490	0.40	8.65	–	3.51	106	–	–
		Indicated	2,053	0.30	8.36	–	3.59	100	–	–
		Total	3,543	0.34	8.48	–	3.56	103	–	–
Falconbridge Limited										
Nickel Deposits										
Sudbury Operations	59.2	Measured	683	0.80	–	1.31	–	–	–	–
		Indicated	20,477	0.99	–	2.27	–	–	–	–
		Total	21,160	0.98	–	2.24	–	–	–	–
		Inferred	28,200	2.7	–	1.7	–	–	–	–
Raglan	59.2	Measured	228	0.37	–	1.47	–	–	–	–
		Indicated	2,972	0.76	–	2.18	–	–	–	–
		Total	3,200	0.74	–	2.13	–	–	–	–
		Inferred	4,000	0.9	–	2.9	–	–	–	–
Montcalm	59.2	Measured	–	–	–	–	–	–	–	–
		Indicated	–	–	–	–	–	–	–	–
		Total	–	–	–	–	–	–	–	–
		Inferred	700	0.7	–	1.7	–	–	–	–
Falcondo	50.5	Measured	–	–	–	–	–	–	–	–
		Indicated	13,840	–	–	1.53	–	–	–	–
		Total	13,840	–	–	1.53	–	–	–	–
		Inferred	6,400	–	–	1.4	–	–	–	–

	Noranda Inc.'s beneficial Interest (%)	Category	Dec. 31, 2003 (000's tonnes)	Grade						
				Copper (%)	Zinc (%)	Nickel (%)	Lead (%)	Silver (g/mt)	Gold (g/mt)	Molybdenum (%)
Copper Deposits										
Kidd Creek Operations	59.2	Measured	276	1.34	6.00	–	0.35	47	–	–
		Indicated	77	2.82	8.54	–	0.13	52	–	–
		Total	353	1.66	6.55	–	0.30	48	–	–
		Inferred	14,200	3.4	4.9	–	0.3	91	–	–
Lomas Bayas	59.2	Measured	5,654	0.28	–	–	–	–	–	–
		Indicated	246,898	0.27	–	–	–	–	–	–
		Total	252,552	0.27	–	–	–	–	–	–
		Inferred	41,700	0.28	–	–	–	–	–	–
Collahuasi[3]	26.0	Measured	48,102	0.57	–	–	–	–	–	–
		Indicated	429,564	0.63	–	–	–	–	–	–
		Total	477,666	0.63	–	–	–	–	–	–
		Inferred	1,840,000	0.72	–	–	–	–	–	–

Notes:

(1) The mineral resources are shown on a 100% basis.

(2) The Antamina mineral reserves have been estimated and provided by the operator of the joint venture. The estimates are inspected annually by Chester Moore. Estimates used the following metal prices: copper $0.90/lb, zinc $0.50/lb, molybdenum $3.25/lb, and silver $5.00/oz.

(3) The mineral reserves and resources have been estimated and provided by the operator of the joint venture based on a copper price of $0.95. The mineral reserves and resources are estimated and classified using the Australasian code for Reporting of Mineral Resources and Ore Reserves (the "JORC" code). These estimates have been restated to conform to the NI 43-101 mineral reserve and resource definitions. The estimates are inspected annually by Chester Moore.

The reconciliation of mineral reserves at each of the mines as at December 31, 2002 to December 31, 2003 are as follows:

RECONCILIATION OF MINERAL RESERVES[(1),(2)]

		Noranda Inc.'s beneficial interest (%)	December 31, 2002 (000 mt)	Ore treated in 2003 (000 mt)	Additions/ revisions (000 mt)	December 31, 2003 (000 mt)
Copper						
Antamina	Proven	33.8	287,000	(26,000)	14,000	275,000
	Probable	33.8	243,000	–	(17,000)	226,000
Collahuasi	Proven	26.0	310,254	(23,942)	(32,166)	254,146
	Probable	26.0	1,528,494	(6,753)	32,334	1,554,075
Lomas Bayas	Proven	59.2	77,914	(16,852)	(6,302)	54,760
	Probable	59.2	319,435	(13,524)	3,260	309,171
Kidd Creek	Proven	59.2	13,409	(2,132)	1,308	12,585
	Probable	59.2	10,285	–	(2,046)	8,239
Louvicourt	Proven	28.0	2,600	(1,260)	289	1,629
	Probable	28.0	29	–	(17)	12
Nickel						
Sudbury	Proven	59.2	7,914	(1,812)	(514)	5,588
	Probable	59.2	9,212	(192)	(517)	8,503
Raglan	Proven	59.2	6,691	(834)	2,451	8,308
	Probable	59.2	11,418	–	(2,063)	9,355
Falcondo	Proven	50.5	52,484	(3,816)	603	49,271
	Probable	50.5	11,636	–	20	11,656
Zinc						
Brunswick	Proven	100.0	18,710	(3,610)	1,630	16,730
	Probable	100.0	2,349	–	103	2,452
Bell Allard	Proven	100.0	1,173	(781)	297	689
	Probable	100.0	329	–	(329)	–

Notes:

(1) The mineral reserves are shown on a 100% basis.

(2) The mineral reserves were prepared in accordance with NI 43-101.

The following table sets out the Company's share of the metals and minerals contained in Noranda's mineral reserves:

Metal Contained in Reserves[(1)] – Noranda Inc.'s Share

		Tonnes (000)					Ounces*	
		Copper	Zinc	Nickel	Lead	Molybdenum	Silver (millions)	Gold (000)
Wholly-owned								
Zinc Deposits	Brunswick	68	1,747	–	703	–	66	–
	Bell Allard	7	105	–	1	–	1	9
	Sub-Total Proven & Probable	75	1,852	–	704	–	67	9
Divided Interest								
Copper Deposits	Antamina (33.75%)	2,071	1,624	–	–	50	74	–
	Louvicourt (28.0%)	13	9	–	–	–	–	13
	Sub-Total Proven & Probable	2,084	1,633	–	–	50	74	13
Falconbridge								
Nickel Deposits	Sudbury (59.2%)	107	–	108	–	–	–	–
	Raglan (59.2%)	82	–	301	–	–	–	–
	Montcalm (59.2%)	22	–	44	–	–	–	–
	Falcondo (50.5%)	–	–	364	–	–	–	–
Copper Deposits	Collahuasi (26.0%)	4,318	–	–	–	–	–	–
	Lomas Bayas (59.2%)	737	–	–	–	–	–	–
	Kidd Creek (59.2%)	249	762	–	27	–	25	–
	Sub-Total Proven & Probable	5,515	762	817	27	–	25	–
Totals – Noranda Inc.'s share								
Proven & Probable		7,674	4,247	817	731	50	166	22

* Troy ounce.

Notes:

(1) Calculated from the mineral reserves contained in the table entitled "Mineral Reserves and Resources" in this Item 4.3.

Exploration & Advanced Projects[1]

	Noranda Inc.'s beneficial interest (%)	Resource/ Reserve Category	Tonnes (millions)	Grade							
				Copper (%)	Zinc (%)	Nickel (%)	Lead (%)	Silver (gm/mt)	Gold (gm/mt)	Molybdenum (%)	Cobalt (%)
Noranda Inc.											
Zinc Deposits											
Perseverance, Quebec	90.0	Measured	4.36	1.28	16.19	–	0.04	30	0.38	–	–
		Indicated	0.76	1.03	13.68	–	0.04	27	0.34	–	–
		Total	5.12	1.24	15.82	–	0.04	29	0.38	–	–
Lady Loretta, Australia[2]	75.0	Measured	8.5	–	15.6	–	5.9	95	–	–	–
		Indicated	3.1	–	17.5	–	5.2	94	–	–	–
		Total	11.6	–	16.1	–	5.7	95	–	–	–
		Inferred	0.1	–	13.7	–	3.5	84	–	–	–
Copper Deposits											
El Pachón, Argentina[3]	100.0	Measured	37.1	1.15	–	–	–	–	–	0.03	–
		Indicated	686.8	0.62	–	–	–	–	–	0.01	–
		Total	723.9	0.65	–	–	–	–	–	0.02	–
		Inferred	560.0	0.52	–	–	–	–	–	0.01	–
El Morro, Chile[3]	70.0	Inferred	466.0	0.61	–	–	–	–	0.50	–	–
El Pilar, Mexico	100.0	Inferred	210.0	0.34	–	–	–	–	–	–	–
Frieda River, Papua New Guinea[3]	72.0										
Horse / Ivaal / Trukai		Indicated	65.0	0.74	–	–	–	–	0.43	–	–
		Inferred	400.0	0.70	–	–	–	–	0.42	–	–
Koki[4]		Inferred	270.0	0.40	–	–	–	–	0.30	–	–
Nena[4]		Measured	42.2	2.30	–	–	–	–	0.60	–	–
		Indicated	7.6	1.70	–	–	–	–	0.60	–	–
		Total	49.8	2.21	–	–	–	–	0.60	–	–
		Inferred	1.2	1.80	–	–	–	–	0.40	–	–

	Noranda Inc.'s beneficial interest (%)	Resource/ Reserve Category	Tonnes (millions)	Grade							
				Copper (%)	Zinc (%)	Nickel (%)	Lead (%)	Silver (gm/mt)	Gold (gm/mt)	Molybdenum (%)	Cobalt (%)
Falconbridge Limited											
Nickel Deposits											
Nickel Rim South, Ontario[5]	59.2	Inferred	11.7	3.7	–	1.6	–	16	0.7	–	0.04
Onaping Depth, Ontario[5]	59.2	Indicated	14.6	1.15	–	2.52	–	–	–	–	0.06
		Inferred	1.2	1.2	–	3.6	–	–	–	–	0.07
Fraser Morgan[5], Ontario	59.2	Indicated	3.8	0.52	–	1.71	–	–	–	–	0.06
		Inferred	2.5	0.4	–	1.4	–	–	–	–	0.05
Koniambo[3], New Caledonia	29.0	Measured	32.4	–	–	2.21	–	–	–	–	0.07
		Indicated	109.7	–	–	2.10	–	–	–	–	0.07
		Total	142.1	–	–	2.13	–	–	–	–	0.07
		Inferred	156.0	–	–	2.2	–	–	–	–	0.08
Ivory Coast, West Africa	50.3	Indicated	123.9	–	–	1.57	–	–	–	–	0.10
		Inferred	134.0	–	–	1.4	–	–	–	–	0.12
Copper Deposits											
Mine D, Ontario[6]	59.2	Inferred	14.1	3.40	4.90	–	0.3	91	–	–	–
Fortuna de Cobre, Chile[7]	59.2	Measured	125.2	0.31	–	–	–	–	–	–	–
		Indicated	345.1	0.28	–	–	–	–	–	–	–
		Total	470.3	0.29	–	–	–	–	–	–	–
		Inferred	150.0	0.21	–	–	–	–	–	–	–

Notes:

(1) The mineral resources/reserves are shown on a 100% basis.

(2) The mineral resources were estimated and classified using the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the "JORC" code) which are comparable to the NI 43-101 definitions. These estimates would not have been materially different if made using the NI 43-101 definitions.

(3) Subject to fulfillment of certain conditions.

(4) Mineral reserves and resources estimated by Highlands Pacific Limited, the optionor of the property.

(5) Also included as part of the Sudbury mineral resources on the Mineral Reserves and Mineral Resources table in this Item 4.3.

(6) Also included as part of the Kidd Creek mineral resources on the Mineral Reserves and Mineral Resources table in this Item 4.3.

(7) Option to purchase.

4.4 Environment

By their nature, our activities have the potential to adversely affect the environment. At December 31, 2003, we had provided approximately $303 million in our accounts for future site restoration and closure costs at our operations, including $68 million provided in 2003.

4.5 Technology

Noranda is involved in the development, acquisition and application of technologies to improve the performance of its mining and metallurgical businesses and create opportunities for business growth. The Noranda Technology Centre, located in Pointe-Claire, Québec, has been the Company's main research and development facility. In late 2002, a process was started to integrate the activities of the technology groups of Noranda (Pointe-Claire Québec) and Falconbridge (Sudbury, Ontario) and allow them to benefit from all available synergies. The primary technology site is located in the Falconbridge technology facility in Sudbury with a focus on the needs of the Nickel and the Copper business units. Additional research and development support has been moved to the operating sites of Noranda and Falconbridge. Other business units receive support on an as needed basis. The site at Pointe-Claire was closed down by the end of 2003.

Expenditures by Noranda on research and process development for the two years ended December 31, 2003 and 2002 were $5 million and $6 million, respectively. Including expenditures made by Falconbridge, the investment in research and technology made by both companies in 2003 was $18 million and $14 million in 2002.

4.6 Labour Relations

In 2003, we signed collective agreements in respect of the following operations:

Three-year agreements:

Brunswick Mine

Brunswick Smelter

Brunswick Smelter Bulk Handling

General Smelting

Horne

Lomas Bayas

Antamina

Norandal Salisbury

One-year contract extension:

Noranda Recycling − Roseville

Collective bargaining agreements for the following operations have already been signed in 2004:

Three-year agreements:

Altonorte (January 1, 2004)

Sudbury Production and Maintenance employees (February 22, 2004)

Sudbury Office, Clerical and Technical employees (February 28, 2004)

Collective bargaining agreements for the following operations are scheduled to expire in 2004 in the months indicated:

CEZ (October)

CEZ Effluent Treatment Plant Operations (5 members) (November)

Matagami (November)

CCR − Plant employees (May)

CCR − Security guards (May)

Noranda Recycling − Roseville (May)

Noranda Micro Metallics − San Jose (December)

Noranda − Separation Plant (1 member) − (expired in March, will be negotiated in May)

Nikkelverk (May)

Collahuasi (June)

American Racing Equipment (September)

The following collective agreements were signed prior to December 31, 2002;

Three-year agreements:

Kidd Metallurgical Division (effective October 1, 2002 − expires September 30, 2005)

Falcondo (effective December 8, 2002 − expires November 30, 2005)

Norandal Newport (effective June 3, 2002 − expires May 31, 2005)

Four-year agreements:

Raglan (effective May 1, 2002 − expires April 30, 2006)

Five-year agreements:

Primary Smelter − New Madrid (effective September 1, 2002 − expires August 31, 2007)

4.7 Legal Proceeding

The United States Department of Justice has convened a grand jury to investigate possible criminal antitrust violations by Noranda, Falconbridge and other sulphuric acid producers in the United States. To the Company's knowledge, no decision has been made by the Department of Justice as to whether it will bring charges or close the investigation. Noranda denies having committed any such violations and has asserted that its actions relating to the sale of sulphuric acid during the period in question were lawful.

5. FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Annual Information Form constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, and Section 27A of the United States Securities Act of 1933. Such statements represent the Company's internal projections, expectations or belief concerning, among other things, future operating results and various components thereof, or the Company's future economic performance.

The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties which may cause the Company's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, volatility of commodity metal prices, foreign currency risks, fluctuations in copper treatment and refining fees, supply and demand in the market for sulphuric acid, risks inherent in the Company's procurement of raw materials, changes in production and processing technology, imprecision in estimating the timing, costs and levels of production associated with mining properties, uninsurable risks inherent in the mining business, the Company's ability to replace and expand mineral reserves, imprecision of mineral reserves and recovery estimates, political and economic conditions in the countries in which the Company operates, changes in Canadian and foreign laws and regulations, the Company's ability to maintain good relations with its employees, general economic and business conditions, and such other risks and uncertainties described from time to time in the Company's reports and filings with the Canadian securities authorities. Accordingly, the Company cautions that events or circumstances could cause actual results to differ materially from those predicted.

6. SELECTED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with our consolidated financial statements, including the notes thereto. We refer you to the information contained in the "Auditors' report, Consolidated financial statements and Notes to financial statements" sections on pages 36 through 65 inclusive of the Noranda Inc. Annual Report 2003, which information is incorporated into this annual information form by reference.

	Year Ended December 31		
	2003	2002	2001
	($ millions)		
Revenues	$ 4,657	$ 3,873	$ 3,978
Income generated by operating assets[2]	409	114	76
Net earnings (loss)	34	(447)	(60)
Total assets	8,245	7,102	7,625
Total long-term debt (excluding current portion and liability element of convertible debentures)	2,875	2,996	2,743
Minority interests	914	759	779
Liability element of convertible debentures	18	18	22
Preferred shares	295	196	196
Total long-term debt (excluding current portion and liability element of convertible debentures) and preferred shares	3,170	3,192	2,939
Total shareholders' equity	2,636	1,858	2,414
Total minority interest, convertible subordinated debentures and shareholder's equity	3,568	2,635	3,215
EARNINGS (LOSS) PER COMMON SHARE			
Basic	$ 0.04	$ (1.93)	$ (0.33)
Diluted	$ 0.04	$ (1.93)	$ (0.33)
DIVIDENDS			
Per common share	Cdn0.64	Cdn0.80	Cdn0.80
Per preferred share			
Series F	Cdn1.17	Cdn1.04	Cdn1.36
Series G	Cdn1.53	Cdn1.53	Cdn0.25
Series H[1]	Cdn1.25	–	–

Notes:

(1) The Series H preferred shares were issued on March 25, 2003. Amounts shown in respect of 2003 represent total dividends paid during the period from March 25, 2003 to December 31, 2003.

(2) Income generated by operating assets is defined as revenues less cost of operations, purchased raw materials and depreciation, amortization and reclamation.

The price trends for Noranda's principal products are shown in the following table. The prices represent published market prices and are not necessarily indicative of the actual amounts received by Noranda:

AVERAGE PRICES

	2003	2002	2001
Zinc (US¢/lb) LME cash	0.38	0.35	0.40
Copper (US¢/lb) LME cash	0.81	0.71	0.72
Aluminum (US¢/lb) LME cash	0.65	0.61	0.66
Silver ($/oz) London Fix	4.37	4.60	4.37
Nickel ($/lb) LME cash	4.88	3.07	2.70
Lead (US¢/lb) LME cash	0.23	0.21	0.22
Exchange Rate (US$1 = Cdn$)	0.71	0.64	0.65

Noranda's consolidated results for each of the last eight quarterly periods were as follows:

QUARTERLY CONSOLIDATED RESULTS

($ millions, except for earnings per share)

	Revenues	Income (loss) generated by operating assets[(1)]	Earnings (loss)	Earnings (loss) per Common Share Basic and Diluted
2003				
For the Year ended December 31	$ 4,657	$ 409	$ 34	$ 0.04
4th quarter	1,324	236	64	0.21
3rd quarter	1,165	51	20	0.04
2nd quarter	1,112	63	(10)	(0.08)
1st quarter	1,056	59	(40)	(0.18)
2002				
For the Year ended December 31	$ 3,873	$ 114	$ (447)	$ (1.93)
4th quarter	887	41	(442)	(1.86)
3rd quarter	889	(26)	(43)	(0.21)
2nd quarter	1,071	54	35	0.15
1st quarter	1,026	45	3	0.00

Notes:

(1) Income (loss) generated by operating assets is defined as revenues less cost of operations, purchased raw materials and depreciation, amortization and reclamation.

7. DIVIDEND POLICY

We have a policy of paying quarterly dividends on our outstanding common shares. This policy is reviewed from time to time based upon and subject to our earnings, financial requirements and general economic circumstances.

The annual dividend rate on our common shares was reduced by the Board of Directors from Cdn$0.80 per common share to Cdn$0.48 per common share, effective July 1, 2003.

Any determination to declare a dividend on our common shares will be made by the Board of Directors in its discretion.

8. MANAGEMENT'S DISCUSSION AND ANALYSIS

We refer you to the information contained in the "Management's Discussion and Analysis" section on pages 17 through 35 inclusive of the Noranda Inc. Annual Report 2003, which information is incorporated into this Annual Information Form by reference.

9. MARKET FOR SECURITIES

Our common shares are listed and posted for trading on the Toronto Stock Exchange and on The New York Stock Exchange (trading symbol "NRD"). Our Series F Preferred Shares, Series G Preferred Shares and Series H Preferred Shares are listed and posted for trading on the Toronto Stock Exchange.

10. DIRECTORS AND OFFICERS

10.1 Directors

The names, committee memberships (as at the date hereof), municipalities of residence, principal occupations within the five preceding years and periods of service of our directors as directors of Noranda Inc. are as follows:

Name (Committee Memberships) and Municipality of Residence	Principal Occupation	Director since
Alex G. Balogh[3] Oakville, Ontario	Corporate Director; a non-executive Deputy Chairman, Noranda Inc. from July 1997 to April 2003; executive Deputy Chairman, Noranda Inc. prior thereto.	1994
André Bérard, O.C.[1, 4] Verdun, Québec	Retired Chairman of the Board, National Bank of Canada (banking); Chief Executive Officer, National Bank of Canada prior to March 2002	1990
Jack L. Cockwell[4] Toronto, Ontario	Group Chairman, Brascan (asset management company with a focus on real estate and power generation) since February 2002; President and Chief Executive Officer of Brascan prior thereto	1981

Name (Committee Memberships) and Municipality of Residence	Principal Occupation	Director since
V. Maureen Kempston Darkes, O.C., O.O.[2] Miami, Florida, United States	GM Group Vice-President and President Latin America, Africa, Mid-East Operations, General Motors Corporation (international motor vehicle manufacturer) since January 2002; President and General Manager, General Motors of Canada Limited prior thereto	1998
The Honourable J. Trevor Eyton, O.C., Q.C.[3] Cheltenham, Ontario	Director of Brascan since February 2000; Chairman, Group Advisory Board, Brascan from April 1999 to February 2000; Senior Group Chairman, Brascan from August 1997 to April 1999; Member of the Senate of Canada	1981
J. Bruce Flatt[4] Toronto, Ontario	President and Chief Executive Officer, Brascan since February 2002; President and Chief Executive Officer, Brookfield Properties Corporation (commercial property company) from April 2000 to February 2002; President and Chief Operating Officer, Brookfield Properties Corporation prior thereto	2001
A.L. (Al) Flood, C.M.[1, 4] Thornhill, Ontario	Retired Chairman, and Chief Executive Officer, Canadian Imperial Bank of Commerce (banking)	1999
Norman R. Gish[1, 2] Calgary, Alberta	President, Gish Consulting Inc. (pipeline, energy and international marketing advisory services) since April 2001; Chairman and Chief Executive Officer, Alliance Pipeline Ltd. (natural gas transmission) from January 2001 to March 2001; Chairman, President and Chief Executive Officer from October 1999 to December 2000; Chairman prior thereto	2001
Robert J. Harding, F.C.A.[2, 3, 4] Toronto, Ontario	Chairman, Brascan since August 1997; a non-executive Deputy Chairman, Noranda Inc. from October 2001 to October 2002; a non-executive Chairman, Noranda Inc. from October 1998 to September 2001; President and Chief Executive Officer, Brascan Limited prior to August 1997	1995
David W. Kerr Toronto, Ontario	Chairman, Noranda; Chairman of Falconbridge Limited; Chairman of the Board and Chief Executive Officer, Noranda Inc. prior to 2001; President and Chief Executive Officer prior thereto	1987
James W. McCutcheon, Q.C.[2, 3] Toronto, Ontario	Counsel, McCarthy Tétrault LLP (law firm)	1993
The Honourable Frank J. McKenna, P.C., Q.C.[1, 2, 5] Moncton, New Brunswick	Independent Board Leader since September 2001; Counsel, McInnes Cooper (Law firm) since January 1998; Premier of the Province of New Brunswick prior to October 1997	1998
George E. Myhal Toronto, Ontario	Chief Operating Officer, Brascan; prior to April 2003 President and Chief Executive Officer of Brascan Financial Corporation (financial services)	1999

Name (Committee Memberships) and Municipality of Residence	Principal Occupation	Director since
Derek Pannell Toronto, Ontario	President and Chief Executive Officer, Noranda Inc.; prior to April 2002 President and Chief Operating Officer, Noranda Inc. and Chief Executive Officer, Falconbridge Limited; prior to September 2001 Vice-President of Compañia Minera Antamina in Peru	2002

The term of office of each director will expire at the next annual meeting of our common shareholders.

Notes:

(1) Member of the Audit Committee

(2) Member of the Governance Committee

(3) Member of the Environment, Health & Safety Committee

(4) Member of the Human Resources Committee

(5) Designated by the Board of Directors as its "Independent Board Leader"

10.2 Officers

The names, municipalities of residence and positions of our officers are set out below. For those of our officers who have not held management or senior positions with us or associated companies for the past five years, the principal occupations of such persons during the past five years are also set out below.

Name and Municipality of Residence	Position
David W. Kerr Toronto, Ontario	Chairman, Noranda Inc.
Derek G. Pannell Toronto, Ontario	President and Chief Executive Officer, Noranda Inc.
Steven Douglas Mississauga, Ontario	Executive Vice-President and Chief Financial Officer, Noranda Inc. since November 2003; Chief Financial Officer Brookfield Properties Corporation from January 1997 to November 2003.
Bill Brooks Franklin, TN	President, Noranda Aluminum since August 1998; prior thereto President Norandal, USA Inc.; President, Primary Operations.
M. Brent Chertow Newmarket, Ontario	President, Canadian Copper and Recycling, Noranda Inc. since August 2002; Senior Vice-President, Canadian Copper and Recycling of Noranda Inc. from April 2002 to August 2002; Vice-President, Metallurgical Plant Operations from September 2001 to April 2002; Vice-President and General Manager, Sudbury Smelter Complex of Falconbridge Limited from February 2000 to September 2001 and Vice-President and General Manager, Kidd Metallurgical Division prior thereto.
Ian Pearce Oakville, Ontario	Senior Vice-President, Projects and Engineering since August 2003; Formerly Executive Project Director, Fluor Corporation.
Fernando E. Porcile Santiago, Chile	President, Copper effective September 2002; Senior Vice-President, Copper from April 2002 to September 2002 Vice-President, Project Development of BHPBilliton Base metals from August 2001 to March 2002; President of Compañia Minera Cerro Colorado Limitada from January 2000 to August 2001; Prior thereto, Vice-President, Engineering and Development of Rio Algom Limited since August 1997 to December 1999 and Executive Vice-President of Compañia Minera Cerro Colorado Limitada from July 1996 to July 1997.
Robert Sippel Oakville, Ontario	President, Zinc and Magnesium since August 2003; President, Magnesium 2002 to 2003; Senor Vice-President, Magnesium 2001 to 2002; Senior Vice-President, Recycling 1997 to 2001.

Name and Municipality of Residence	Position
Brian Barr Toronto, Ontario	Senior Vice-President, Special Projects, and Executive Chairman of American Racing Equipment effective August 2002; formerly Managing Director Rudolf Wolff & Co., Noranda's metal trading company in London, England; Prior to 2000, Managing Director of Gentra Limited and senior officer of Royal Trust, both based in England.
Michael Agnew Mississauga, Ontario	Vice-President, Technology since September 2003; Vice-President and General Manager, Magnola Metallurgy Inc. 2002 to 2003; Vice-President and Start-Up Manager, Magnola Metallurgy Inc. 2001 to 2002; General Manager, Canadian Electrolytic Zinc Ltd. 1998 to 2001; Canadian Electrolytic Zinc Ltd. 1975 to 2001.
Peter G.J. Kukielski Toronto, Ontario	Executive Vice-President, Projects and Aluminum since September 2001; Engineering and Commissioning Manager, Antamina Project at Billiton PLC from October 1997 to August 2001.
Katherine Rethy Toronto, Ontario	Senior Vice-President, Information Services, Procurement, Logistics, Facilities and Enterprise Risk Management since April 2002; Senior Vice President, Shared Business Services from October 1999 to April 2002; Vice President Logistics from August 1996 to October 1999.
Martin G.R. Schady Mississauga, Ontario	Senior Vice-President, Business Development, Noranda Inc. and Falconbridge Limited since May 2000. Chief Financial Officer, Noranda Inc. from April 1998 to May 2000.
Paul Severin Oakville, Ontario	Senior Vice President, Exploration effective April 2002; Vice-President, Exploration from February 1995 to April 2002; 1993-1995 Director Canadian Exploration and Ore Reserves; 1990-1993 Regional Exploration Manager, Sudbury; 1988-1990 Senior District Geologist, Sudbury; 1974-1988 various Mining and Exploration roles within Corporation Falconbridge Copper.
Jeffery A. Snow Toronto, Ontario	Senior Vice-President and General Counsel since April 2002; Senior Vice-President, Corporate Affairs at Falconbridge Limited from October 2001 to April 2002; Vice-President, Legal at Falconbridge Limited from April 1998 to October 2001; Vice-President and General Manager, CCR copper refinery at Noranda Inc. from October 1996 to April 1998.
Rick Burdett Burlington, Ontario	Vice-President, Information Services, Noranda Inc., since May 2000; Business Information Systems Leader E I Dupont de Nemours from January 1994 to April 2000.
Denis Couture Toronto, Ontario	Vice-President, Investor Relations, Public Affairs and Communications since October 1999; Vice-President, Communications and Government Relations, Domtar Inc. (Pulp and paper company) prior thereto.
John Doyle Pickering, Ontario	Vice-President, Taxation since July 2002; Director, Taxation for Falconbridge Limited from 1989 to July 2002.

Name and Municipality of Residence	Position
Michael R. Frilegh Toronto, Ontario	Vice-President, Treasurer since October 1995.
André Joron Markham, Ontario	Vice-President, Human Resources since May 1, 2001; Vice-President, Human Resources, Hudson's Bay Company (Retail Chain).
Edward H. Laks Aurora, Ontario	Vice President, Performance/Six Sigma since July 2001; General Manager Operations, Canadian National Railway prior thereto.
Robert Telewiak Oakville, Ontario	Vice-President, Environment, Health & Safety since April 2002; Vice-President, Environment at Falconbridge Limited from March 1998 to April 2002; Director, Environmental Affairs at Falconbridge Limited prior thereto.
Stephen Young Toronto, Ontario	Corporate Secretary since October 2003. Formerly partner at Aird & Berlis LLP from January 1998 to October 2003.

As of March 31, 2004, our directors and senior officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over less than 1% of our outstanding common shares and less than 1% of each class of voting securities of any of our subsidiaries. The information as to securities beneficially owned or over which control or direction is exercised, not being within our knowledge, has been furnished by our directors and senior officers individually.

We understand that Brascan and associated companies own 122,597,952 common shares (or approximately 41.4% of our outstanding common shares) and convertible debentures convertible into 2,722,323 of our common shares. Brascan is a public company listed on the Toronto, New York and Brussels stock exchanges. Brascan's major shareholder is Partners Limited ("Partners") who, together with its shareholders, collectively own, directly or indirectly, exercise control or direction over, or have options and warrants to acquire, approximately 30 million Class A Limited Voting Shares, representing approximately 17% of the outstanding Class A Limited Voting Shares of Brascan on a fully diluted basis, and 85,120 Class B Limited Voting Shares, representing all of the outstanding Class B Limited Voting Shares of Brascan. Messrs. Cockwell, Balogh, Flatt, Harding and Myhal, directors of the Company, Mr. Kerr, a director and Chairman of the Company, Mr. Pannell, a director and an executive officer of the Company, and Messrs. Douglas and Schady, executive officers of the Company, are shareholders of Partners.

11. ADDITIONAL INFORMATION

Upon request to the Secretary of Noranda Inc. at its registered office, BCE Place, 181 Bay Street, Suite 200, Toronto, Ontario M5J 2T3, Noranda Inc. will provide any person with a copy of:

(i) this Annual Information Form,

(ii) our Management Information Circular dated March 4, 2004,

(iii) any unaudited interim reports issued to shareholders of Noranda Inc. subsequent to December 31, 2003, and

(iv) any other documents that are incorporated by reference into a preliminary short-form prospectus or short-form prospectus filed in respect of a distribution of securities of the Company.

A copy of any of these documents may be obtained without charge at any time when a preliminary short form prospectus has been filed in respect of a distribution of any securities of Noranda Inc. or any securities of Noranda Inc. are in the course of a distribution pursuant to a short-form prospectus. At any other time, any document referred to in (i), (ii) or (iii) above may be obtained by security holders of Noranda Inc. without charge and by any other person upon payment of a reasonable charge.

Our Management Information Circular dated March 4, 2004 contains additional information concerning the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and options to purchase securities. Noranda Inc.'s consolidated financial statements as at and for the year ended December 31, 2003 also contain additional financial information and are included in the Noranda Inc. 2003 Annual Report.

anode	a rectangular plate of metal cast in a shape suitable for refining by the electrolytic process. An anode is the finished product of the copper smelting process.
bankable feasibility study	a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as a basis for a financial decision by a financial institution to finance the development of the deposit for mineral production.
blister copper	a crude form of copper (assaying about 99%) produced in a smelter, which requires further refining before being used for industrial purposes.
capacity	the design number of units that can be produced in a given time period based on operations with a normal number of shifts and maintenance interruptions.
cathode	a rectangular plate of metal, produced by electrolytic refining, which is melted into commercial shapes such as billets, ingots, etc. A cathode is typically the finished product of the copper refining process.
Comex	The New York Commodity Exchange.
concentrate	a product containing valuable minerals from which most of the waste material in the ore has been separated.
ferronickel	an alloy containing nickel and iron (approximately 38% nickel and 62% iron in the case of ferronickel produced by Falcondo). The volumes produced are expressed in terms of the nickel contained.
LME	London Metal Exchange.
matte	a mixture of metal sulphides enriched with nickel, cobalt, copper, silver, gold and platinum group metals.
mill	a plant where ore is ground and undergoes physical or chemical treatment to extract and produce a concentrate of the valuable minerals.
mineral resource[(1)]	a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade of quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.
inferred mineral resource[(1)]	part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
indicated mineral resource[(1)]	part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

measured mineral resource[1]	part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
mineral reserve[1]	economical mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.
NI 43-101	National Instrument 43-101 "Standards of Disclosure for Mineral Projects" of the Canadian Securities Administrators
probable mineral reserve[1]	economical mineable part of an indicated, and in some circumstances a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
proven mineral reserve[1]	economical mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
platinum group metals	platinum, palladium, rhodium and related metals present in some nickel/copper ores.
refinery	a plant where concentrates or matte are processed into one or more refined metals.
smelter	a plant in which concentrates are processed into an upgraded product.
SX-EW	solvent extraction-electrowinning is a metallurgical technique, so far applied only to copper ores, in which metal is dissolved from the rock by organic solvents and recovered from solution by electrolysis.

Notes:

(1) NI 43-101 definitions

QuickLinks

EXHIBIT 2

The audited Consolidated Financial Statements for the fiscal year ended December 31, 2003 and the accompanying Management's Discussion and Analysis of Noranda Inc. appearing on pages 36 to 65 and page 17 to 35, respectively, of the Noranda Inc. 2003 Annual Report, which are incorporated by reference into the Annual Information Form of Noranda Inc.

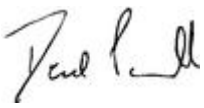
Management's Responsibility

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances in order to ensure that the consolidated financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles. The financial information presented elsewhere in the annual report is consistent with that in the consolidated financial statements.

Noranda maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant and reliable and that Noranda's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting, and is ultimately responsible for reviewing and approving the consolidated financial statements and the accompanying management's discussion and analysis. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and all of its members are non-management directors. The Audit Committee meets periodically with management and the external auditors to discuss internal controls, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Audit Committee also reviews the consolidated financial statements, management's discussion and analysis, the external auditors' report, and examines the fees and expenses for audit services, and considers the engagement or reappointment of the external auditors. The Audit Committee reports its findings to the Board for its consideration when approving the consolidated financial statements for issuance to the shareholders. Ernst & Young LLP, the external auditors, have full and free access to the Audit Committee.



Derek Pannell
President and Chief
Executive Officer

Steven Douglas
Executive Vice-President
and Chief Financial Officer

February 9, 2004

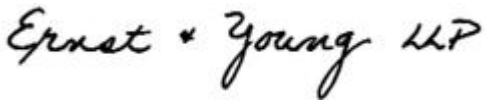
Auditors' Report

To the Shareholders of Noranda Inc.

We have audited the consolidated balance sheets of Noranda Inc. as at December 31, 2003 and 2002 and the consolidated statements of income (loss) and retained earnings (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Toronto, Canada
February 9, 2004

Consolidated Balance Sheets

(US$ millions) As at December 31	Notes	2003	2002 (Notes 1 and 2)
Assets			
Current assets			
Cash and cash equivalents		$ 501	$ 293
Short-term investments		129	–
Accounts receivable		576	476
Metals and other inventories		1,179	896
		2,385	1,665
Operating capital assets	5	4,682	4,652
Development projects	6	973	603
Investment and other assets	7	205	182
		$ 8,245	$ 7,102
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts and taxes payable		$ 903	$ 720
Debt due within one year	8	431	335
		1,334	1,055
Long-term debt	8 and 11	2,893	3,014
Future income taxes	13	54	49
Reclamation, pension and other provisions	9	414	367
Stockholders' interests			
Interests of other shareholders	10	914	759
Shareholders' equity	11 and 12	2,636	1,858
		$ 8,245	$ 7,102

Commitments and contingencies (notes 14 and 15)

(See accompanying notes)

On behalf of the Board:

Derek Pannell
Director

Al Flood
Director

Consolidated Statements of Income (Loss) and Retained Earnings (Deficit)

(US$ millions, except per share amounts) Years ended December 31	Notes	2003	2002 (Notes 1 and 2)
Revenues	16	$ 4,657	$ 3,873
Operating expenses			
Cost of operations		2,024	1,879
Purchased raw materials		1,744	1,390
Depreciation, amortization and reclamation		480	490
		4,248	3,759
Income generated by operating assets		409	114
Interest expense	8	129	98
Corporate and general administration		58	58
Research, development and exploration		51	49
Minority interest in earnings of subsidiaries		89	26
Income (loss) before undernoted		82	(117)
Tax expense (recovery)	13	24	(168)
Restructuring costs	3	62	561
Gain on sale of investments	3	(38)	(63)
Net income (loss)		$ 34	$ (447)
Dividends on preferred shares		21	11
Interest on convertible debentures		3	2
Net income (loss) attributable to common shares		10	(460)
Basic and diluted earnings (loss) per share		$ 0.04	$ (1.93)
Basic weighted average number of shares		261,618,375	238,823,521
Diluted weighted average number of shares		261,983,971	238,823,521
Retained earnings (deficit)			
Balance, beginning of year		$ 24	$ 583
Change in accounting policy − capitalization of interest	2	–	25
Income (loss)		34	(447)
Dividends			
Common		(121)	(122)
Preferred		(21)	(11)
Other		(8)	(4)
Balance, end of year	11 and 12	$ (92)	$ 24

(See accompanying notes)

Consolidated Statements of Cash Flows

(US$ millions) Years ended December 31	Notes	2003	2002 (Notes 1 and 2)
Cash realized from (used for):			
Operations			
Net income (loss)		$ 34	$ (447)
Charges (credits) not affecting cash:			
Depreciation, amortization and reclamation		447	435
Future taxes		(2)	(188)
Minority interest		89	26
Asset impairment		–	520
Foreign exchange, restructuring and other		9	2
		577	348
Net change in accounts receivable, inventories and payables		(164)	32
Cash from operations		413	380
Investment activities			
Capital investments		(489)	(528)
Investments and advances		(153)	(116)
Proceeds on dispositions	3	99	265
Cash used in investment activities		(543)	(379)
		(130)	1
Financing activities			
Long-term debt, including current portion			
Issued		717	615
Repaid		(807)	(373)
Issue of shares – common	12	439	2
Issue of shares – preferred		198	–
Redemption of preferred shares	12	(104)	–
Dividends paid		(92)	(108)
Exercise of stock options		–	(2)
Issue of shares – minority shareholders, net		18	8
Dividends paid to minority shareholders		(31)	(29)
		338	113
Increase in cash and cash equivalents		208	114
Cash and cash equivalents, beginning of year		293	179
Cash and cash equivalents, end of year		$ 501	$ 293

(See accompanying notes)

Notes to Consolidated Financial Statements

(US$ millions except as otherwise indicated)

1. Accounting Policies

Basis of Presentation of the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles which are in conformity, in all material respects, with United States generally accepted accounting principles, except as described in Note 19. The consolidated financial statements include the accounts of Noranda Inc. (the "Company") and all of its subsidiaries and joint ventures (together, "Noranda"). Long-term investments in companies in which Noranda has significant influence are accounted for on the basis of cost plus equity in undistributed earnings since the dates of investment. The interests of the Company, Falconbridge Limited ("Falconbridge") and Novicourt Inc. ("Novicourt") in their joint ventures are proportionately consolidated. The difference between the cost of the shares of acquired companies and the underlying net book value of the assets is amortized over the estimated economic life of the assets to which the difference is attributed.

Reporting Currency and Translation of Foreign Currencies

Prior to July 1, 2003, Noranda's Canadian operations have been measured in Canadian dollars and consolidated financial statements have been expressed in Canadian dollars. The accounts of self-sustaining foreign operations were translated using the current rate method, under which all assets and liabilities were translated at the exchange rate prevailing at year end, and revenues and expenses at average rates of exchange during the year. Gains or losses on translation of these account balances were not included in the consolidated statements of loss, but deferred and shown as a separate item in shareholders' equity. Gains or losses on foreign currency loans and transactions that were designated as hedges of a net investment in self-sustaining foreign operations were reported in shareholders' equity in the same manner as translation adjustments.

Foreign-denominated monetary assets and liabilities of Canadian operations and integrated foreign operations were translated at the exchange rates prevailing at the year end, and revenue and expenses (other than depreciation) at average rates of exchange during the year. Exchange gains and losses arising on the translation of the accounts were included in the consolidated loss. Non-monetary assets and liabilities were translated at historical rates of exchange.

Effective July 1, 2003, the United States dollar ("U.S. dollar") was adopted as the unit of measure of Noranda's Canadian operations which reflect significant operational exposure to the U.S. dollar and predominantly U.S. dollar-based asset and investment base of the Company. Concurrent with this change in functional currency, Noranda adopted the U.S. dollar as its reporting currency. In accordance with Canadian generally accepted accounting principles, the Company restated all amounts presented for comparative purposes into U.S. dollars using the current rate method whereby all revenues, expenses and cash flows are translated at the average rates that were in effect during these periods or presented at their U.S. dollar transactional amount and all assets and liabilities are translated at the prevailing noon rate in effect at the end of these periods (Cdn$1.5796 per US$1.00 for December 31, 2002). Equity transactions have been translated at historic rates; with opening equity restated at the rate of exchange on January 1, 1999. The resulting net translation adjustment has been credited to the cumulative translation account.

For periods after July 1, 2003, the assets and liabilities of Noranda's self-sustaining operations having a functional currency other than the U.S. dollar are translated into U.S. dollars using the exchange rate in effect at the month end and revenues and expenses are translated at the average rate during the month. Exchange gains and losses on translation of the Company's net equity investment in these operations are deferred as a separate component of shareholders' equity. Gains or losses on foreign currency loans and transactions that are designated as hedges of a net investment in self-sustaining foreign operations are reported in shareholders' equity in the same manner as translation adjustments.

Foreign-denominated monetary assets and liabilities are translated at the exchange rates prevailing at the year end, and revenue and expenses (other than depreciation) at average rates of exchange during the year. Exchange gains and losses arising on the translation of the

accounts are included in the consolidated statement of income (loss). Non-monetary assets and liabilities are translated at historical rates of exchange.

Cash and Cash Equivalents

Cash and cash equivalents include cash on account, demand deposits and short-term investments with original maturities of three months or less and are stated at cost, which approximates market value. Cash equivalents of $59 (2002 − $nil) include $33 of restricted cash (2002 − $nil) to be used for repayment of senior debt of the Antamina project.

Short-term Investments

Investments in corporate commercial paper issues have original maturities between four and nine months and are stated at cost, which approximates market value.

Product Inventories

Mining and metallurgical product inventories are valued at the lower of net realizable value and average cost where costs are comprised of direct costs and an allocation of production overheads and depreciation of production-related assets. Aluminum and fabricated product inventories are valued at the lower of cost (determined on a first-in, first-out basis, comprised of direct costs and an allocation of production overheads and depreciation of production-related assets) and net realizable value. Inventories of operating supplies and raw materials are valued at the lower of average direct acquisition cost and replacement value.

Revenue Recognition

Revenues from the sale of base metals, aluminum and fabricated products and from by-product materials are recorded at the time of sale, when the rights and obligations of ownership pass to the buyer. Prices used for provisionally priced sales are based on market prices prevailing at the time of shipment and are adjusted based upon market prices until final settlement with customers pursuant to the terms of sales contracts. Price changes for shipments which at year end are awaiting final pricing could have a material effect on future revenues.

Financial Instruments

Noranda enters into interest rate swap agreements to alter the interest characteristics of a portion of its outstanding debt from a fixed to a floating rate basis. These agreements involve the receipt of fixed-rate amounts in exchange for floating rate interest payments over the life of the agreement without an exchange of the underlying principal amount. Noranda also enters into interest rate swap agreements that involve the payment of fixed-rate amounts in exchange for the receipt of floating rate interest over the life of the agreement. The differential paid or received as a result of interest rate swap agreements is accrued and recognized as an adjustment to interest expense related to the debt.

Noranda uses forward foreign exchange and option contracts to hedge the effect of exchange rate changes on identifiable foreign currency exposures and futures, and forward and option contracts to hedge the effect of price changes on a portion of the commodities it sells. Gains and losses on these contracts are reported as a component of the related transactions. Gains and losses on early termination of hedging contracts are deferred until the hedged items are recognized in earnings. From time to time, Noranda enters into futures and forward contracts for the purchase or sale of commodities and currencies not related to production. Provisions are made for any estimated unrealized gains and losses on these contracts.

Noranda also uses cross-currency swap agreements which are used to hedge the interest rate risk and foreign currency exposures related to its non-U.S. dollar-denominated debt. Gains or losses on these contracts are accounted for in the same manner as the interest rate swap agreements and forward exchange contracts discussed above.

Noranda formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific firm commitments or forecasted transactions.

Noranda does not consider the credit risk associated with its financial instruments to be significant. Interest rate swaps, foreign currency contracts and commodity hedge contracts are maintained with high-quality counter-parties, and Noranda does not anticipate that any counterparty will fail to meet its obligations. Noranda does not have significant exposure to any individual customer, and these risks are further managed through an effective credit management program.

Depreciation, Amortization and Reclamation

Depreciation of property, plant and equipment is based on the estimated service lives of the assets, calculated primarily on a straight-line basis for metallurgical operations (not exceeding 40 years) and on a unit-of-production basis for mining operations. Preproduction and mine

development expenditures are amortized over the estimated life of the mine on the unit-of-production method over proven and probable reserves. Construction in progress will be depreciated once the project is substantially completed. Provisions are made for future site reclamation and closure costs, net of expected recoveries, in a rational and systematic manner by charges to earnings over the expected life of an operation and calculated on a discounted basis. In the case of Noranda's mining operations this is on a unit-of-production basis over proven and probable reserves and in the case of Noranda's other operations on a straight-line basis.

The estimated site reclamation and closure costs may change materially based on future changes in operations, costs of reclamation and closure activities, regulatory requirements and the outcome of legal proceedings.

Preproduction Costs

Preproduction costs related to major projects are deferred until the facilities achieve commercial production or are deemed to be uneconomic. These deferred costs are amortized on a unit-of-production method over the estimated useful life of the project or are written off when the project is determined to be uneconomic.

Asset Valuation

The company assesses long-lived assets for recoverability whenever indicators of impairment exist. When the carrying value of a long-lived asset is less than its net recoverable value as determined on an undiscounted basis, an impairment loss is recognized to the extent that its fair value, measured as the discounted cash flows over the life of the asset when quoted market prices are not readily available, is below the asset's carrying value.

Exploration

Mining exploration expenditures are charged against current earnings unless they relate to properties that have been subjected to sufficient pre-feasibility work that indicates future mine production is reasonably certain. Gains on the sale of mining exploration properties or recoveries of costs previously written off are credited against exploration expense.

Income and Production Taxes

Current taxes are recognized for the estimated income and mining taxes payable for the current year.

Future tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized. Future taxes are measured using the tax rates and laws that will be in effect when the differences are expected to reverse or the losses to be realized.

Interest

Interest incurred is charged to earnings, except for interest that can be identified with a major capital expenditure program. Prior to January 1, 2003, Noranda capitalized interest that could be identified with major projects until the project achieved commercial production. Under the new policy, interest is capitalized as it arises from indebtedness incurred to finance major projects, either directly or indirectly, until the project achieves commercial production.

Post-employment Costs

The cost of retirement benefits and certain post-employment benefits are recognized as the benefits are earned by the employees. Noranda uses the accrued benefit method pro-rated on length of service and management's best estimate assumptions to value its pensions and other retirement benefits. Assets are valued at fair value for the purpose of calculating the expected return on plan assets. Past service costs from plan amendments are amortized on a straight-line basis over the term of the employment contract. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

Under its defined contribution retirement savings program, Noranda makes payments based on employee earnings and partially matches employee contributions, to a defined maximum. Employees may receive profit sharing credits based on earnings.

When a defined benefit plan gives rise to an accrued benefit asset, Noranda recognizes a valuation allowance for the excess of the adjusted benefit asset over the expected future benefit to be realized from the plan asset. Changes in the allowance are included in the determination of pension expense.

Stock-based Compensation Plans

The Company has stock-based compensation plans, which are described in Note 12. The Company accounts for stock options using the fair value method. Under this method, compensation expense for stock options granted since January 1, 2002 is measured at fair value at the grant date using the Black-Scholes valuation model and recognized over the vesting period of the options granted.

The Company also has an employee share savings plan through which employees can purchase shares of the Company at market prices. For each dollar employees contribute to the plan, the Company contributes a prescribed percentage, which is expensed as employee compensation. For the Company's deferred unit plans, a liability is recorded to the extent that the Company's common share price exceeds the notional purchase price of the units. Notional dividends on the units are recorded as a direct charge to retained earnings.

Earnings Per Share

Earnings per common share has been determined after deducting preferred share dividends and convertible debenture interest and has been based on the weighted-average number of common shares outstanding during the year excluding shares securing employee share purchase loans. Diluted earnings per share is calculated using the treasury stock method to compute the dilutive effect of stock options and the if-converted method for convertible debentures.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Comparative Consolidated Financial Statements

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2003 consolidated financial statements.

2. Changes in Accounting Policies

Capitalization of Interest

Effective January 1, 2003, Noranda revised its capitalization of interest policy to harmonize its policies with U.S. accounting standards as described in Note 1.

As a result, an increase to retained earnings of $25 was recorded at January 1, 2002. The change resulted in an increase to net income of $2 in both 2002 and 2003 years.

3. Restructuring and Gain on Sale of Investments

As at December 31	2003	2002
Magnesium impairment and closure costs (Note 4)	$ 33	$ 520
Other restructuring costs	29	41
Gain on sale of Noranda Income Fund/CEZ facility	(35)	(63)
Other	(3)	–
	$ 24	$ 498

Sale of CEZ Processing Facility

On May 3, 2002, the Company successfully completed an initial public offering of Priority Units of the Noranda Income Fund (the "Fund"). The Fund was created to acquire the Company's CEZ processing facility and ancillary assets located in Salaberry-de-Valleyfield, Quebec. Net cash proceeds of $263 were received and a pre-tax gain of $63 was recognized.

The Fund is an unincorporated open-ended trust established under the laws of Ontario. The Company's participation in the Fund decreased in the year to 25% following the sale of the Priority Units the Company held in the Fund.

Cash distributions on Ordinary Units are subordinate to distributions on Priority Units for 15 years except upon the occurrence of certain events. Each Ordinary Unit is entitled to receive cash distributions on a monthly basis in an amount that is equal to the monthly cash distributions paid to each Priority Unit, provided each Priority Unit is first paid an amount that is equal to the monthly cash distribution of not

less than Cdn$0.08333 per Priority Unit (the "Base Distribution") before any amount is paid to holders of Ordinary Units. If, notwithstanding the subordination of the Ordinary Units, Distributable Cash is not sufficient to make the Base Distributions on Priority Units in a month, the amount of the deficiency shall not accumulate and will not be paid to holders of Priority Units. If Distributable Cash in a month is not sufficient to make a distribution on the Ordinary Units that is equal to the distribution on the Priority Units, the amount of the deficiency will accumulate and be paid to holders of the Ordinary Units from excess Distributable Cash in a subsequent month.

The Company's share of its 25% interest in the Fund, representing all of the outstanding Ordinary Units of the Fund, is accounted for on an equity basis.

On July 17, 2003, Noranda sold its remaining 11,984,900 Priority Units of the Noranda Income Fund for gross proceeds of $84 million. The pre-tax gain on the sale was $35 million. The proceeds were used to repay debt.

Other Restructuring Costs

Employee reductions at Horne, Brunswick smelter and Kidd Creek operating sites and restructuring provisions at American Racing were recorded in the year of $29 (2002 − $30). Further restructuring costs for 2002 of $11 were recorded for the closure of the Gaspé smelter.

4. Joint Ventures

Noranda's share of the assets, liabilities and equity, revenues and expenses and cash flows of its major joint ventures for the years ended December 31, 2003 and 2002 are as follows:

	2003				
	Antamina	Collahuasi	Magnesium	Louvicourt	Total
Balance Sheets					
Current assets	$ 110	$ 143	$ 23	$ 12	$ 288
Capital assets and other	655	917	252	9	1,833
	$ 765	$ 1,060	$ 275	$ 21	$ 2,121
Current liabilities	$ 75	$ 87	$ 6	$ 2	$ 170
Long-term debt and other	339	592	41	2	974
Minority interest in subsidiaries	–	156	–	7	163
Noranda' s investment	351	225	228	10	814
	$ 765	$ 1,060	$ 275	$ 21	$ 2,121
Statements of Earnings (Loss)					
Sales and other revenues	$ 187	$ 275	$ –	$ 28	$ 490
Expenses	159	206	33	24	422
Minority interest	–	28	–	1	29
Noranda' s share of earnings (loss)	$ 28	$ 41	$ (33)	$ 3	$ 39
Statements of Cash Flows					
Cash realized from (used for):					
Operations	$ 57	$ 95	$ (28)	$ 13	$ 137
Investment activities	(15)	(114)	(13)	–	(142)
Financing activities	(47)	9	(1)	–	(39)

	2002				
	Antamina	Collahuasi	Magnesium	Louvicourt	Total
Balance Sheets					
Current assets	$ 95	$ 142	$ 28	$ 12	$ 277
Capital assets and other	680	807	194	15	1,696
	$ 775	$ 949	$ 222	$ 27	$ 1,973
Current liabilities	$ 75	$ 81	$ 17	$ 2	$ 175
Long-term debt and other	377	556	25	2	960
Minority interest in subsidiaries	–	126	–	9	135
Noranda' s investment	323	186	180	14	703

	$ 775	$ 949	$ 222	$ 27	$ 1,973
Statements of Earnings (Loss)					
Sales and other revenues	$ 166	$ 246	$ –	$ 28	$ 440
Expenses	149	200	429	26	804
Minority interest	–	19	–	1	20
Noranda' s share of earnings (loss)	$ 17	$ 27	$ (429)	$ 1	$ (384)
Statements of Cash Flows					
Cash realized from (used for):					
Operations	$ 66	$ 127	$ –	$ 10	$ 203
Investment activities	(54)	(65)	(85)	–	(204)
Financing activities	9	(19)	–	–	(10)

Noranda holds a 33.75% interest in Antamina, a copper/zinc mine project in Peru. Noranda, through its Falconbridge subsidiary, holds a 44% interest in Compañia Minera Doña Inés de Collahuasi S.C.M. ("Collahuasi"), a corporation which owns the mining and water rights and other assets relating to the Collahuasi project, and which secured financing, conducts the operations and markets the products of the property.

Noranda owns an 80% joint-venture interest in the Magnesium project, a facility for the extraction of magnesium from mining residues in Danville, Quebec. As a result of depressed global magnesium prices, the Company recorded an impairment charge of $520 in 2002 and temporarily shut down its Magnesium operation in April 2003. Included in restructuring costs in 2003 is a charge of $33 related to this closure. The Company holds through its 62.1%-owned subsidiary, Novicourt, a 45% joint-venture interest in the Louvicourt copper/zinc mine in northwestern Quebec.

5. Operating Capital Assets

	2003					
As at December 31	Copper	Nickel	Zinc	Aluminum	Other	Total
Property, plant and equipment, at cost	$ 4,107	$ 1,868	$ 628	$ 1,195	$ 527	$ 8,325
Accumulated depreciation	(1,790)	(1,114)	(462)	(616)	(442)	(4,424)
	2,317	754	166	579	85	3,901
Deferred preproduction, development and exploration (net)	423	298	57	–	3	781
	$ 2,740	$ 1,052	$ 223	$ 579	$ 88	$ 4,682

	2002					
As at December 31	Copper	Nickel	Zinc	Aluminum	Other	Total
Property, plant and equipment, at cost	$ 3,664	$ 1,620	$ 542	$ 1,186	$ 563	$ 7,575
Accumulated depreciation	(1,355)	(915)	(366)	(588)	(445)	(3,669)
	2,309	705	176	598	118	3,906
Deferred preproduction, development and exploration (net)	393	277	68	–	8	746
	$ 2,702	$ 982	$ 244	$ 598	$ 126	$ 4,652

6. Development Projects

Development projects consist of brownfield and greenfield projects that are expected to contribute to earnings upon completion of construction and advancement to commercial production.

Major projects in the category are as follows:

		As at December 31	
	Category	2003	2002
Collahuasi expansion	Brownfield	$ 207	$ 47
Kidd Creek – deep expansion	Brownfield	276	191
Koniambo – New Caledonia	Greenfield	123	76
Magnesium	Brownfield	252	194
Other development projects		115	95

	$ 973	$ 603

During 2003, an additional $370 million of capital was invested into the projects. No additional capital was expended in the magnesium operations during 2003. The increase in carrying value attributed to the magnesium operations in 2003 is as a result of capitalization of operating costs during the first quarter of 2003 and the appreciation of the Canadian dollar compared to the U.S. dollar during 2003.

7. Investments and Other Assets

As at December 31	2003	2002
Equity accounted investment − Noranda Income Fund	$ 46	$ 84
Cost accounted investments	17	14
Derivative financial instrument	24	–
Deferred acquisition costs	23	–
Debenture discount and issue expenses − net	21	14
Supplies inventory	16	18
Deposits and other assets	58	52
	$ 205	$ 182

8. Debt

			Principal repayment schedule as at December 31, 2003							
	Interest rates[1]	Total 2003	2004	2005	2006	2007	2008	2009 to 2012	After 2012	Total 2002
Debt of the Company and its wholly-owned subsidiaries:										
Notes payable and revolving term loans	4.00%	$ 55	13	3	1	28	2	4	4	$ 330
Senior debentures	4.83%	1,450	300	200	–	–	–	600	350	1,300
Liability element of convertible debentures (Note 11)	5.0%	18	–	–	–	18	–	–	–	18
	4.80%	1,523	313	203	1	46	2	604	354	1,648
Debt of partially-owned subsidiaries and joint ventures	4.44%	1,801	118	330	346	96	217	436	258	1,701
Total	4.61%	$ 3,324	431	533	347	142	219	1,040	612	$ 3,349
Debt due within one year		431								335
Long-term debt		$ 2,893								$ 3,014

1 Weighted-average interest rates after swap contracts, as at December 31, 2003.

a) On May 28, 2003, Noranda's partially-owned subsidiary Falconbridge issued $250 million 5.375% fixed-rate debentures maturing on June 1, 2015. The proceeds from this offering were used to repay debt outstanding under its commercial paper program, to fund planned expenditures and for other general corporate purposes.

On September 24, 2003, Noranda issued $350 million 6% fixed-rate debentures maturing October 15, 2015. The proceeds from this offering were invested in short-term investments and used for other general corporate purposes.

b) Notes payable and revolving term loans include borrowings under unsecured committed bank lines of credit that are structured to provide the Company with the right to borrow at floating rates and repay these amounts over the next five years. At December 31, 2003, Noranda had utilized $68 (including $32 by Falconbridge, excluding Collahuasi) from its total committed lines of $1,132 (including $405 for Falconbridge, excluding Collahuasi).

Senior debentures of $1,450 (2002 − $1,300) are direct unsecured obligations of the Company.

c) Debt of partially-owned subsidiaries and joint ventures includes US$374, Noranda's 33.75% share of the $1,109 of borrowings under Antamina's $1,320 senior credit facilities. These facilities, provided by a consortium of international banks and national import/export credit agencies, have maturity dates ranging from 4.5 to 8.5 years. With the exception of $157, all of these facilities are insured for political risks or are otherwise guaranteed for political risks by multilateral, national or private sector institutions. Noranda's guarantee of this facility was removed during 2003 as the completion tests were met.

d) After taking into account current interest rates and credit spreads, the fair value of the debt of the Company at December 31, 2003 was greater than book value by $120 (2002 − $20), and the fair value of the debt of its partially-owned subsidiaries and joint ventures was greater than book value by $94 (2002 − $48).

e) Interest rate swap agreements of $650 (2002 − $300) have been entered into by the Company, and $400 (2002 − $275) by its partially-owned subsidiaries and joint ventures, whereby fixed rates of interest are received and floating rates are paid for terms up to 11.5 years. In addition, interest rate swap agreements of $561 (2002 − $454) have been entered into by the Company's partially-owned subsidiaries and joint ventures, whereby fixed rates of interest are paid and floating rates are received for a period up to 8.5 years. As at December 31, 2003, the estimated aggregate fair value of the interest rate swap agreements of the Company and its partially-owned subsidiaries and joint ventures had a mark-to-market gain of $14 and $24 respectively (2002 − $23 and $39, respectively).

The Company's partially-owned subsidiary Falconbridge has entered into several cross-currency interest rate swap transactions whereby rates of interest on debentures in the amount of $86 (2002 − $86) are swapped to floating and $25 (2002 − $25) are swapped to fixed rates of interest for terms of five years. At December 31, 2003, the mark-to-market value of these positions was a gain of $31 (2002 − $1).

At December 31, 2002, the Company recorded a deferred gain of $21 on the closure of Cdn$400 interest rate swap agreements. Of this amount, the Company recognized into income $17 during 2003, with the balance to be recognized over the original remaining term which will expire July 2004.

Interest, net	2003	2002
Interest on long-term debt	$ 158	$ 156
Interest on short-term debt	5	4
Interest income	(14)	(12)
	149	148
Capitalized interest	(20)	(50)
	$ 129	$ 98

9. Reclamation, Pension and Other Provisions

	2003			2002		
As at December 31	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Total	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Total
Reclamation and other environmental provisions	$ 197	$ 106	$ 303	$ 171	$ 64	$ 235
Pension, benefits and other provisions	(64)	175	111	(56)	188	$ 132
	$ 133	$ 281	$ 414	$ 115	$ 252	$ 367

10. Interests of Other Shareholders

As at December 31	2003	2002
Preferred shares of subsidiaries	$ 130	$ 130
Common equity interests	784	629
	$ 914	$ 759

11. Convertible Debentures

The Cdn$150 adjustable rate convertible subordinated debentures Series 1, due April 30, 2007, bear interest at a rate which is the greater of 5%, and of 1% plus the percentage that two times the common share dividend paid in the previous six months is of the conversion price. The debentures are convertible at the holder's option into common shares of the Company at a conversion price of Cdn$27.55 per common share, on or before the last business day prior to the maturity date of the debentures, or the last business day prior to redemption. The Company has the option of redeeming the debentures, and upon maturity they are redeemable, at the Company's option, for common shares of the Company.

The Company's convertible debentures contain both debt and equity components. Although under certain conditions the interest portion of the debentures may be settled by issuing common shares, the Company believes it is improbable that those conditions will be met, and has accounted for the present value of the interest portion as a liability. At December 31, 2003, this liability amounted to $18 (2002 − $18). The amount representing the principal has been classified as a component of shareholders' equity and was $84 at December 31, 2003 (2002 − $79).

12. Shareholders' Equity

Capital Stock

Authorized:

Preferred shares, an unlimited number
Common shares, an unlimited number
Participating shares, an unlimited number

	2003	2002
Issued:		
Preferred shares Series F	$ 59	$ 59
Preferred shares Series G	137	137
Preferred shares Series H	99	–
Equity element of convertible debentures (Note 11)	84	79
Common shares	2,084	1,595
Stock option valuation	3	1
	2,466	1,871
Retained earnings (deficit)	(92)	24
Currency translation adjustment	265	(34)
	2,639	1,861
Share purchase plan	(3)	(3)
	$ 2,636	$ 1,858

Preferred Shares Series F

The Company had 3,246,057 (2002 − 3,246,057) Cumulative, Redeemable Preferred Shares, Series F (the "Series F Preferred Shares") outstanding at December 31, 2003.

Prior to November 1, 2001, holders of Series F Preferred Shares received a quarterly fixed dividend at a rate of 5.8% per annum. On November 1, 2001, the Series F Preferred Shares commenced paying a monthly floating dividend based on a dividend rate that fluctuates over time between 50% and 100% of Prime for each month. The dividend rate is adjusted upwards or downwards on a monthly basis by an Adjustment Factor whenever the Calculated Trading Price, being the market price of the Series F Preferred Shares, is Cdn$24.875 or less or Cdn$25.125 or more, respectively. The Adjustment Factor for a month is based on the Calculated Trading Price of the Series F Preferred Shares for the preceding month. The maximum Adjustment Factor for any month is ±4.00%. The annual floating dividend rate for any month is Prime multiplied by the Designated Percentage for such month (the Adjustment Factor for such month plus the Designated Percentage for the preceding month).

Holders of Series F Preferred Shares had the right to convert their shares, effective on November 1, 2001, on a one-for-one basis into Cumulative, Redeemable Preferred Shares, Series G (the "Series G Preferred Shares"). Of the 12,000,000 outstanding Series F Preferred Shares, 8,753,943 were converted into Series G Preferred Shares. Holders will again have the right to convert their shares, on a one-for-one basis into Series G Preferred Shares on November 1, 2006, and every five years thereafter. On November 1, 2001, the Series F Preferred Shares became redeemable, at the option of the Company, at Cdn$25.50 per share plus unpaid and accrued dividends.

Preferred Shares Series G

The Company had 8,753,943 (2002 − 8,753,943) Series G Preferred Shares outstanding at December 31, 2003. These Series G Preferred Shares were issued as a result of the conversion of the same number of Series F Preferred Shares into Series G Preferred Shares on November 1, 2001.

For each of the five years commencing November 1, 2001, holders of Series G Preferred Shares will receive, as and when declared by the Board of Directors, a quarterly fixed dividend at a rate of 6.10% per annum. On November 1, 2006, the Series G Preferred Shares will be redeemable, at the option of the Company, at Cdn$25.00 per share plus unpaid and accrued dividends. Subject to certain conditions, holders of Series G Preferred Shares will have the right to convert their shares into Series F Preferred Shares on a one-for-one basis on November 1, 2006 and on November 1 of every fifth year thereafter.

Preferred Shares Series H

The Company completed a public offering of Cumulative Preferred Shares, Series H for aggregate gross proceeds of Cdn$150 million on March 25, 2003. At December 31, 2003, there were 6,000,000 Series H Preferred Shares outstanding.

Holders of the Series H Preferred Shares are entitled to fixed cumulative preferential cash dividends, if, as and when declared by the Company's board of directors, at a rate of Cdn$1.625 per share per annum, payable quarterly, in equal installments of Cdn$0.40625 per share, on the last day of March, June, September and December of each year.

On and after March 31, 2008, the Company may, at its option (i) redeem the outstanding Series H Preferred Shares in whole at any time or in part from time to time, by the payment of Cdn$25.00 per share, together with all accrued and unpaid dividends up to but excluding the date fixed for redemption; or (ii) subject, if required, to stock exchange approvals, convert the outstanding Series H Preferred Shares into Noranda common shares. The number of common shares into which each Series H Preferred Share may be so converted will be determined by dividing the redemption price per Series H Preferred Share, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of Cdn$2.00 and 95% of the current market price of Noranda common shares at such time.

On or after June 30, 2008, each Series H Preferred Share will be convertible at the option of the holder on the last day of March, June, September and December in each year into that number of Noranda common shares determined by dividing Cdn$25.00, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of Cdn$2.00 and 95% of the current market price of Noranda common shares at such time. If a holder of Series H Preferred Shares elects to convert any of those shares into Noranda common shares, the Company may, on not less than 20 days notice prior to the conversion date, elect to redeem those Series H Preferred Shares for Cdn$25.00 per share, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion or arrange for the sale of those shares to substitute purchasers at such price.

Preferred Shares Series I

The Company completed a private placement of 6,000,000 Cumulative Preferred Shares, Series I to Brascan Corporation for aggregate gross proceeds of Cdn$150 million on April 25, 2003. On August 18, 2003 the Company redeemed all Series I Preferred Shares with a portion of the net proceeds it received from the issuance of the 24,800,000 common shares issued on August 11, 2003. As a result of this redemption, a foreign exchange loss of $5 was recorded in retained earnings.

Common Share Issue

On August 12, 2003, the Company completed a public issue of 48,520,000 common shares at a price of Cdn$12.65 for net proceeds of Cdn$601. Brascan Corporation subscribed for 20,000,000 shares from this issue.

Non-voting Participating Shares

The authorized and unissued non-voting participating shares participate ratably with the holders of common shares in dividends and distributions of the assets of the Company.

Summary of Common Share Transactions

	Shares (000)	Amount
Common shares, December 31, 2001	238,584	$ 1,568
Issued on exercise of stock options	15	–
Issued under dividend re-investment	2,553	25
Issued under share purchase plan	137	2
Common shares, December 31, 2002	241,289	$ 1,595

Issue of common shares	48,520	$	434
Issued on exercise of stock options	373		5
Issued under dividend re-investment	5,046		50
Common shares, December 31, 2003	295,228	$	2,084

Earnings Per Share

Earnings per share is determined by dividing net earnings, after deducting preferred share dividends and the equity portion of the convertible debenture interest, by the weighted-average number of common shares outstanding during the year, excluding shares securing employee share purchase loans.

Diluted loss per share assumes that outstanding dilutive stock options are exercised at the beginning of the period (or at the time of issuance, if later) and the proceeds are used to purchase common stock at the average market price during the period, and that dilutive convertible debentures are converted into common shares at the beginning of the period.

Share Purchase Plan

In 1998, 2001 and 2002, loans were issued to executives of the Company for the purchase of common shares under the share purchase plan. The loans are repayable on demand, mature in ten years, and are secured by a pledge of 331,950 common shares at December 31, 2003 (2002 − 344,550). Loans receivable at December 31, 2003 of $3 (2002 − $3) are recorded as a reduction of shareholders' equity, and upon loan repayment there will be a corresponding increase in shareholders' equity.

Stock Options

The Company has a stock option plan through which options may be granted to directors, officers and employees for the purchase of common shares. Options were granted at prices equal to the five-day average price prior to the grant. Stock options generally have a 10-year term and contain vesting provisions of 20% on the first anniversary following the date of the grant, and a further 20% on each of the four subsequent anniversary dates. Stock options granted from January 1, 2000 to February 28, 2002 have a 10-year term and the same vesting provisions; however, they also contain an accelerated vesting feature specifying that on the first day that the market price of the common shares is 20% greater than the exercise price of the option, the final tranche of certain unvested options outstanding on that date will immediately vest and be exercisable.

During 2003, three stock option series were granted totaling 1,422,500 options at a weighted-average price of Cdn$14.45. The compensation expense associated with these stock options series was calculated using the Black-Scholes valuation model assuming the following weighted-average parameters; 8-year term, 25% volatility, expected dividend of 5.35% annually and an interest rate of 4.89%. The stock option value is charged against net income over its vesting period.

Corporate and general administration expenses to December 31, 2003 include compensation costs of $3 (2002 − $4) relating to outstanding options granted since January 1, 2002.

A summary of the status of the stock option plan and changes during the years is presented below:

	2003		2002	
	Options (000)	Weighted-average exercise price (Cdn)	Options (000)	Weighted-average exercise price (Cdn)
Outstanding, beginning of year	8,591	$ 16.65	7,182	$ 16.90
Granted	1,422	14.45	2,211	15.56
Exercised through the purchase option feature	(373)	15.92	(13)	18.25
Exercised through the market growth option feature	–	–	(774)	15.91
Cancelled	(56)	16.85	(15)	15.83
Outstanding, end of year	9,584	$ 16.35	8,591	$ 16.65

The following table summarizes information about stock options outstanding at December 31, 2003:

	Options outstanding			Options exercisable	
Range of exercise prices (Cdn)	Number (000) outstanding at	Weighted-average remaining contractual life (years)	Weighted-average exercise price (Cdn)	Number (000) exercisable at December 31, 2003	Weighted-average exercise price (Cdn)

	December 31, 2003				
$12.67 to $17.88	8,162	8.0	$ 15.63	3,719	$ 16.03
$18.00 to $19.29	914	6.2	18.86	687	19.14
$23.26 to $24.17	508	4.0	23.27	508	23.27
	9,584	7.6	$ 16.35	4,914	$ 17.21

Director Deferred Stock Unit Plan

Under the Deferred Stock Unit (DSU) Plan for the Company's non-employee directors, each eligible director may elect to be paid annual retainer fees and/or meeting attendance fees in DSUs rather than in cash. A DSU is a notional unit, equivalent in value to a common share.

Deferred stock units are credited with "dividend equivalents" when dividends are paid on the common shares of the Company, and such dividend equivalents are converted into additional units based on the fair market value of common shares on the date credited.

Payment of DSUs is not made until such time as the director leaves the Board, and may be in cash or in common shares of the Company purchased on the open market.

As of December 31, 2003 the total DSUs held by participating directors was 44,108 (2002 − 23,988), the accrual in respect of which is not significant at December 31, 2003 and 2002.

Management Deferred Share Unit Plan (MDSUP)

Management deferred share units ("Units") may be granted each year at the discretion of the Board to senior executives in lieu of all or part of their annual cash bonus awards. The annual bonus awards would be converted to Units based on a rate set on the award date. The portion of the annual bonus award elected to be received in Units by the executive may, at the discretion of the H.R. Committee, be increased by a factor of up to two times for purposes of calculating the number of Units to be allocated under the MDSUP.

An executive who holds Units will receive additional Units as dividends are paid on the common shares of the Company, on the same basis as if the dividends were reinvested pursuant to the Company's dividend reinvestment plan. The Units will vest over a five-year period and participants will only be allowed to redeem the Units upon cessation of employment.

The cash value of the Units when redeemed will be equivalent to the market value of an equivalent number of Noranda common shares at the time of cessation of employment with the Company.

As of December 31, 2003, a total of 33,666 Units were held by executives of the Company (2002 − 23,250), the accrual in respect of which is not significant at December 31, 2003 and 2002.

Dividend Reinvestment Plan

Canadian resident shareholders may elect to reinvest their cash dividends from common shares to purchase additional shares. During 2003, 5,046,641 (2002 − 2,552,932) common shares were issued under the dividend reinvestment plan.

13. Income and Production Taxes

The provision for income and production taxes differs from the amount that would have resulted by applying statutory income tax rates to earnings as described below. The difference arose for the following reasons:

	2003	2002
Income (loss) before the following:		
Income and production taxes and minority interest	$ 147	$ (589)
Provision based on combined federal and composite provincial tax rate of 38.6% (2002 − 39.8%)	$ 57	$ (234)
Increase (decrease) in taxes resulting from:		
Resource and depletion allowances	(6)	48
Royalties and mineral taxes	7	–
Rate differences from foreign and manufacturing activities	(52)	(8)
Non-taxable items	(20)	–
Capital taxes	13	15

Foreign exchange adjustments	18	(7)
Non-recurring and other	7	18
Income and production taxes	$ 24	$ (168)

Consolidated income and production taxes are as follows:

	2003	2002
Current:		
Federal and provincial income taxes	$ 16	$ 20
Provincial mining taxes	2	3
Foreign taxes	35	11
	$ 53	$ 34
Future:		
Federal and provincial income taxes	$ (51)	$ (168)
Provincial mining taxes	4	(3)
Foreign taxes	18	(31)
	$ (29)	$ (202)
	$ 24	$ (168)

The components of the future tax asset and future tax liability at December 31, 2003 and 2002 are as follows:

	2003		2002	
	Legal entities where		Legal entities where	
	assets exceed liabilities	liabilities exceed assets	assets exceed liabilities	liabilities exceed assets
Future tax assets:				
Pensions	$ 1	$ –	$ –	$ 10
Post-retirement benefits	21	59	16	45
Reclamation provisions	54	30	35	22
Exploration	15	–	13	9
Inventory valuations	3	6	3	7
Non capital losses	55	197	66	119
Foreign exchange	–	–	37	–
Research and development	79	16	49	10
Other	120	53	87	36
	$ 348	$ 361	$ 306	$ 258
Future tax liabilities:				
Property, plant and equipment	$ (38)	$ (407)	$ (51)	$ (327)
Development and preproduction	(5)	(177)	(6)	(128)
Foreign exchange	(18)	(9)	(5)	(14)
Pensions	(50)	(12)	(37)	–
Exploration	(2)	–	(2)	2
Other	(5)	(40)	(5)	(40)
	$ (118)	$ (645)	$ (106)	$ (507)
Net future tax asset (liability)	$ 230	$ (284)	$ 200	$ (249)

The Company has non-resident subsidiaries that have tax losses of $106 (2002 − $106) for which no benefit has been recorded. If the tax benefit had been recorded, the amount would have been $18 (2002 − $18).

14. Financial Instruments

Noranda uses various strategies to manage its market risk, including the use of derivative contracts to limit, offset or reduce the Company's market exposure. Derivative instruments are used to manage well-defined commodity price, foreign exchange and interest rate risks arising from Noranda's primary business activities. The fair values of Noranda's derivative instruments, as summarized later in this note, are based on quoted market prices for similar instruments and on market closing prices at year end.

Effective July 1, 2003, Noranda's functional currency was changed from the Canadian to U.S. dollar. Following this change, Noranda realigned its hedging programs to manage the risk associated with its non-U.S. dollar investments and monetary assets and liabilities, as well as change its cash flow hedging program to now hedge the exposure created by its non-U.S. dollar expenses.

a) Fixed Forward Price Hedges

Some customers request a fixed sales price instead of the COMEX or London Metal Exchange ("LME") average price in the month of shipment. Noranda enters into futures contracts that will allow it to receive the COMEX or LME average price in the month of shipment while

customers pay the agreed upon fixed price. Noranda accomplishes this by settling the futures contracts during the month of shipment, which generally results in the realization of the COMEX or LME average price.

At December 31, 2003, the mark-to-market value of these positions was a gain of $9 (2002 − loss of $5).

b) Commodity Hedges

Noranda purchases metal in concentrate or scrap to be processed eventually into refined metal for sale to customers. The raw material feed is purchased from third parties at prices that are often different from the eventual sale to metal customers, largely due to the timing of processing. To mitigate the price risk resulting from the difference between the timing of purchases and sales, Noranda hedges such transactions. The hedge transactions involve the purchase or sale of over-the-counter or LME or COMEX exchange-traded contracts. In the month that the refined metal is sold, the corresponding commodity hedge position is liquidated at the COMEX or LME average price for the month of sale.

As at December 31, 2003 the mark-to-market unrealized loss was $18 (2002 − unrealized gain of $4).

c) Hedges of Foreign-denominated Expenditures

Prior to July 1, 2003, Noranda managed a foreign currency cash flow hedging program whereby portions of its forecasted U.S. dollar-denominated revenue were hedged with forward foreign exchange contracts with its banks. At December 31, 2002, Noranda had forward contracts to sell $886 maturing over the following 4.5 years, at an average exchange rate of Cdn$1.53. In addition, Noranda's partially-owned subsidiary had also entered into various short-term option contracts which, if exercised, would have resulted in additional sales of $125. The mark-to-market value of these positions at December 31, 2002 was a loss of $40.

Subsequent to the change, Noranda started hedging its Canadian dollar costs using foreign currency exchange contracts. When the Canadian dollar strengthens significantly against the U.S. dollar, the increase in value of future Canadian dollar costs is partially offset by gains in the value of the forward currency contracts designated as hedges. Conversely, when the Canadian dollar weakens, the decrease in the value of future Canadian dollar costs is partially offset by losses in the value of the forward currency contracts.

At December 31, 2003, Noranda had forward currency exchange contracts to purchase Cdn$1,097 maturing over the next 3.5 years at an average exchange rate of Cdn$1.50. In addition, Noranda's partially-owned subsidiary also had option contracts that, if exercised, would result in the purchase of Cdn$29 over the next four months. The mark-to-market value of these positions at December 31, 2003 was a gain of $110.

In addition, Noranda's partially-owned subsidiary also maintains a program to hedge its Norwegian Kroner and Chilean peso expenditures. At December 31, 2003, Noranda's partially-owned subsidiary entered into other short-term forward foreign exchange contracts to hedge its Norwegian and Chilean commitments, whereby it would purchase notional amounts with a U.S. dollar equivalent of $81 (2002 − Canadian dollar equivalent of $218) and also entered into various short-term forward foreign option contracts which, if exercised, would have resulted in the purchase of 210 million Norwegian Kroner (2002 − 165 million). At December 31, 2003, the mark-to-market value of these contracts was a gain of $17 (2002 − mark-to-market approximated their carrying value).

Noranda's revenues and operating costs to December 31, 2003 include realized exchange gains from the settlement of various revenue and cost hedge contracts of $18 and $16 (2002 − exchange loss in revenue of $18 and exchange gain in operating costs of $8).

d) Hedge of Net Investment in Foreign Operations

The Company uses forward foreign exchange contracts and foreign-denominated obligations to protect the value of its investments in its foreign subsidiaries.

At December 31, 2002, the Company hedged its U.S. dollar net assets with a principal amount of $955 of its senior debentures and a series of short-term foreign exchange contracts resulting in sales of $570 to purchase Canadian dollars. In addition, the forward foreign exchange components of the cross-currency swap agreements and other short-term foreign exchange contracts combined to buy $345 and sell Canadian dollars, were designed as hedges against U.S. dollar-denominated debt. The Company's partially-owned subsidiary had outstanding foreign exchange contracts to sell a notional amount of $61 as a hedge against foreign-denominated monetary assets and liabilities. As at December 31, 2002 the unrealized gain on these contracts was $31.

At December 31, 2003, the Company had outstanding foreign exchange contracts to sell Cdn$82, maturing over the next eight years, designated as hedges against Canadian dollar net assets. In addition, a series of short-term foreign exchange contracts to sell Cdn$134 are designated as hedges against foreign-denominated monetary assets of the Company. The Company's partially-owned subsidiary had a series of short-term foreign exchange contracts to purchase a notional amount of Cdn$510 as a hedge against foreign-denominated monetary assets and liabilities. As at December 31, 2003 the unrealized loss on these contracts was $27.

The Company has also entered into short-term forward foreign exchange contracts to sell £4 million (2002 − £7 million) and purchase U.S. dollars as a hedge against pounds sterling net assets. At December 31, 2003 and 2002, the fair value of these contracts approximated their carrying value.

Derivative financial instruments involve credit and market risk. Credit risk arises from the potential for a counterparty to default on its contractual obligations and is limited to those contracts where the Company would incur a loss in replacing the defaulted transaction. The

Company minimizes credit risk through the selection, monitoring and diversification of counterparties, use of the International Swaps and Derivatives Association (ISDA) documentation and master netting agreements, collateral and other credit mitigation techniques.

15. Commitments and Contingencies

a) On July 1, 2003, the senior debt of the Antamina project became non-recourse to its sponsors, the Company, BHP Billiton PLC, Teck Cominco Limited and Mitsubishi Corporation, upon successful completion of a series of tests and following the delivery of the related certificates to the senior lenders.

b) As a result of the sale of the CEZ processing facility to the Noranda Income Fund (Note 3), the Company entered into a 15-year supply and processing agreement with the Fund. The Company has committed to sell up to 550,000 tonnes of zinc concentrate annually to the refinery (its annual concentrate requirement to operate to its full current capacity) at market rates for the payable metal, less a fixed treatment charge initially set at $0.352 per pound of "payable zinc metal". Commencing January 1, 2004, the Processing Fee will be the Processing Fee in the previous year adjusted annually (i) upward by 1% and (ii) upward or downward by 10% of the year-over-year percentage change in the average cost of electricity per megawatt hour for the Processing Facility. "Payable zinc metal" in respect of a quantity of concentrate will be equal to 96% of the assayed zinc metal content in the concentrate under the Supply and Processing Agreement.

The Company has also committed to manage the processing facility through operating and marketing agreements and will act as an agent for the sale of the facility's zinc production for the duration of the supply agreement.

c) From time to time, Noranda is involved in litigation, investigations or proceedings relating to claims arising out of its operations in the ordinary course of business. In the opinion of Noranda's management, these claims and lawsuits in the aggregate will not have a material adverse effect on the consolidated financial statements.

16. Related-party Transactions

a) Noranda has reduced its ownership interest in the Noranda Income Fund ("the Fund") from 48.97% to 25% during the year (see Note 3). Included in revenues are $7 (2002 − $11) representing the Company's share of income from the Fund accounted for under the equity method.

Noranda has entered into a Supply and Processing Agreement and a Management Service Agreement with the Fund which have contracted Noranda to provide concentrate and services to the Fund on a regular basis (see Note 15). Noranda has sold $79 (May to December 2002 − $40) of concentrate to the Fund at their negotiated value. As of December 31, 2003, Noranda has a receivable of $9 (2002 − $8) from the Fund. Noranda has also provided $46 (May to December 2002 − $27) of administration, management and operating services to the Fund at their negotiated value. As of December 31, 2003, Noranda has a receivable of $7 (2002 − $1) from the Fund due to the services provided. In addition, Noranda has made purchases of $57 (May to December 2002 − $28) of zinc metals and by-products at terms that reflect market rates. Included in accounts payable as at December 31, 2003 is $5 (2002 − $7) of amounts due to the Fund.

b) Noranda has undertaken a number of transactions with Antamina in which Noranda has a 33.75% ownership interest. Included in raw material costs are purchases of concentrate of $49 (2002 − $41) from Antamina at their market value. As of December 31, 2003, Noranda has a payable of $13 (2002 − $2) to Antamina.

During 2003, Noranda has made purchases of goods of $120 (2002 − $81) and provided services of $nil (2002 − $1) to its affiliates. These transactions were measured at their exchange amount. As of December 31, 2003, Noranda has a payable of $12 (2002 − $nil) to its affiliates.

c) Noranda has entered into short-term financing transactions with affiliates and associates from time to time at market interest rates. Noranda has revolving credit facilities totaling Cdn$100 with an affiliate. Under the credit agreement, Cdn$75 of these facilities are to expire in January 2004 with the remainder maturing January 2006. As of December 31, 2003, Noranda has made no drawdown against the credit facilities.

d) Noranda Aluminum Inc. ("Aluminum"), a wholly-owned subsidiary of Noranda Inc., has entered into a power supply contract with Brascan Energy Marketing Inc. ("BEMI"). BEMI, an affiliate of the Company, agreed to provide Aluminum's New Madrid primary aluminum smelter up to 490 MWh of electricity annually for a two-year period commencing June 1, 2003 at negotiated market prices.

e) Noranda has sold certain trade receivables to a securitization trust which is owned by Brascan Financial Corporation for a total of $20 in cash, under an agreement that came into effect on November 13, 2003.

f) Included in accounts receivable are loans receivable from officers of the Company in the amount of $3 (2002 − $3), secured by collateral that has market values in excess of cost for both years.

17. Post-employment Costas

Noranda has a number of defined benefit plans providing pension, health, dental and life insurance benefits to substantially all employees after one or two years of continuous service. Pension benefits are calculated based upon length of service and either final average earnings or a specific amount per year of service. Hourly employees are generally members of negotiated plans.

Defined benefit plan assets consist primarily of cash, equity securities and fixed income securities. The defined benefit plan holds less than 1% of its assets in common shares of Noranda and its related parties.

Noranda's funding policy is to contribute amounts sufficient to meet minimum funding requirements as set forth by the regulations of the appropriate jurisdictions plus such additional amounts as Noranda may determine to be appropriate.

The obligation for benefits under these plans is determined through periodic actuarial reports that are based on the following weighted-average assumptions:

	Pension Benefit Plans			
	December 31, 2003		December 31, 2002	
	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures
Discount rate	6.25%	6.25%	6.75%	6.75%
Expected long-term rate of return on plan assets	7.35%	7.00%	7.43%	7.00%
Rate of compensation increase	3.75%	3.50%	3.81%	3.50%

	Other Benefit Plans			
	December 31, 2003		December 31, 2002	
	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures
Discount rate	6.25%	6.25%	6.75%	6.75%
Expected long-term rate of return on plan assets	–	–	–	–
Rate of compensation increase	–	–	–	–

The health care cost trend rate is assumed to start at 9% for 2003 for the Company, its partially-owned subsidiaries and joint ventures (2002 − 9%), decreasing to an ultimate medical trend rate of 4.0% by 2012 for the Company, its partially-owned subsidiaries and joint ventures (2002 − 4.0%).

In 2003, Noranda ratified new collective agreements at three of its operations. Included in these agreements was an increase in the pension plan benefits that amounts to an average of 15.5% at the end of three years, as well as provisions for early retirements.

The funded status of Noranda's post-employment benefit plans and net accrued benefit asset (obligation) are as follows:

	Pension Benefits					
	December 31, 2003			December 31, 2002		
	Plans where assets exceed benefit obligations	Plans where benefit obligations exceed assets	Net	Plans where assets exceed benefit obligations	Plans where benefit obligations exceed assets	Net
Plans assets	$ 714	889	$ 1,603	$ 509	676	$ 1,185
Benefit obligations	580	1,184	1,764	447	948	1,395
Excess (deficit) of plan assets over benefit obligations	134	(295)	(161)	62	(272)	(210)
Net accrued asset			$ 208			$ 157

	Other Benefit Plans					
	December 31, 2003			December 31, 2002		
	Plans where assets exceed benefit obligations	Plans where benefit obligations exceed assets	Net	Plans where assets exceed benefit obligations	Plans where benefit obligations exceed assets	Net
Plans assets	$ 18	7	$ 25	$ –	17	$ 17
Benefit obligations	16	309	325	–	231	231
Excess (deficit) of plan assets over benefit obligations	2	(302)	(300)	–	(214)	(214)
Net accrued liability			$ 250			$ 204

The change in the funded status of Noranda's post-employment benefit plans was as follows:

	December 31, 2003					
	Pension Benefit Plans			Other Benefit Plans		
	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Total	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Total
Change in Actuarial Benefit Obligation						
Actuarial obligation at beginning of year	$ 738	657	$ 1,395	$ 66	165	$ 231
Current service	13	11	24	2	3	5
Benefits paid	(64)	(58)	(122)	(5)	(13)	(18)
Interest cost on benefit obligation	53	52	105	5	13	18
Plan amendments	22	–	22	–	–	–
Actuarial (gains) losses	35	52	87	(2)	43	41
Effect of exchange rate change	131	131	262	13	35	48
Transfer from other plans	–	1	1	–	–	–
Decrease due to curtailment/settlement	(3)	(7)	(10)	–	–	–
Actuarial obligation at end of year	$ 925	839	$ 1,764	$ 79	246	$ 325
Change in Plan Assets						
Fair value of assets at beginning of year	$ 704	481	$ 1,185	$ 7	10	$ 17
Employer contributions	22	65	87	–	18	18
Benefits paid	(64)	(55)	(119)	(2)	(13)	(15)
Return on plan assets	158	40	198	1	1	2
Effect of exchange rate change	134	94	228	1	2	3
Transfer (to) from other plans	(2)	1	(1)	–	–	–
Settlement payments	(1)	(6)	(7)	–	–	–
Actuarial gains	–	32	32	–	–	–
Fair value assets at end of year	$ 951	652	$ 1,603	$ 7	18	$ 25
Surplus (deficit) status of plan at end of year	$ 26	(187)	$ (161)	$ (72)	(228)	$ (300)
Unamortized:						
Past service costs	25	1	26	(2)	1	(1)
Net actuarial (gains) losses	136	213	349	(4)	55	51
Accrued benefit asset (liability)	$ 187	27	$ 214	$ (78)	(172)	$ (250)
Valuation allowance	–	(6)	(6)	–	–	–
Accrued benefit asset (liability), net of valuation allowance	$ 187	21	$ 208	$ (78)	(172)	$ (250)

	December 31, 2002					
	Pension Benefit Plans			Other Benefit Plans		
	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Total	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Total
Change in Actuarial Benefit Obligation						
Actuarial obligation at beginning of year	$ 719	644	$ 1,363	$ 63	161	$ 224
Current service	13	9	22	4	4	8
Benefits paid	(53)	(47)	(100)	(5)	(11)	(16)
Interest cost on benefit obligation	51	44	95	4	11	15
Plan amendments	3	–	3	–	–	–
Actuarial losses	12	6	18	–	–	–
Effect of exchange rate change	5	8	13	–	–	–
Decrease due to curtailment	(12)	(7)	(19)	–	–	–
Actuarial obligation at end of year	$ 738	657	$ 1,395	$ 66	165	$ 231
Change in Plan Assets						
Fair value of assets at beginning of year	$ 797	520	$ 1,317	$ 7	10	$ 17
Employer contributions	8	33	41	1	10	11
Benefits paid	(49)	(45)	(94)	(2)	(11)	(13)
Return on plan assets	(42)	36	(6)	1	1	2
Settlement payments	–	(6)	(6)	–	–	–
Effect of exchange rate change	6	8	14	–	–	–
Transfer to other plans	(16)	–	(16)	–	–	–
Actuarial losses	–	(65)	(65)	–	–	–
Fair value assets at end of year	$ 704	481	$ 1,185	$ 7	10	$ 17
Deficit status of plan at end of year	$ (34)	(176)	$ (210)	$ (59)	(155)	$ (214)
Unamortized:						
Past service costs	14	3	17	–	1	1
Net actuarial (gains) losses	187	170	357	(3)	12	9
Accrued benefit asset (liability)	$ 167	(3)	$ 164	$ (62)	(142)	$ (204)
Valuation allowance	–	(7)	(7)	–	–	–
Accrued benefit asset (liability), net of valuation allowance	$ 167	(10)	$ 157	$ (62)	(142)	$ (204)

Noranda's post-employment benefit expense included the following components:

	December 31, 2003					
	Pension Benefit Plans			Other Benefit Plans		
	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Total	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Total
Current Year Expense						
Current service	$ 13	11	$ 24	$ 2	3	$ 5
Interest cost on benefit obligation	53	52	105	5	13	18
Expected return on plan assets	(55)	(42)	(97)	–	(1)	(1)
Amortization of:						
Past service costs	13	3	16	–	–	–
Transitional asset	–	–	–	–	–	–
Net actuarial losses	8	14	22	–	2	2
Loss on recognition of a settlement/curtailment	1	2	3	–	–	–
Valuation allowance	–	(1)	(1)	–	–	–
Defined benefit pension expense	$ 33	39	$ 72	$ 7	17	$ 24

In 2002, Noranda offered its salaried employees the opportunity to switch from the current defined benefit plan to a defined contribution plan. Approximately 41% of salaried employees chose to make the switch with $15 in assets to be allocated to the defined contribution plan. Noranda is expecting regulatory approval for the defined contribution plan in 2004.

In 2003, one of Noranda's partially-owned subsidiaries offered certain groups of employees to switch from the current defined benefit plan to a defined contribution plan. Approximately 30% of eligible employees chose to make the switch with $7 in assets to be allocated to the defined contribution plan which is expected to be approved by the regulatory bureau in 2004.

Noranda, its partially-owned subsidiaries and joint ventures contributed $11 in payroll expenses to the defined contribution plan in 2003 (2002 − $8).

	December 31, 2002					
	Pension Benefit Plans			Other Benefit Plans		
	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Total	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Total
Current Year Expense						
Current service	$ 13	9	$ 22	$ 4	4	$ 8
Interest cost on benefit obligation	51	44	95	4	11	15
Expected return on plan assets	(59)	(37)	(96)	–	–	–
Amortization of:						
Past service costs	12	3	15	–	–	–
Transitional asset	(1)	–	(1)	–	–	–
Net actuarial losses	–	4	4	–	–	–
Loss on recognition of a settlement/curtailment	8	–	8	–	–	–
Other	–	–	–	–	1	1
Valuation allowance	(65)	–	(65)	–	–	–

Defined benefit pension expense	$ (41)	23	$ (18)	$ 8	16	$ 24

	December 31, 2003		
	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Total
Effect of 1% increase in assumed health care cost trend rates			
Total of service and interest cost components	$ –	2	$ 2
Post-retirement benefit obligation	3	31	34
Effect of 1% decrease in assumed health care cost trend rates			
Total of service and interest cost components	–	(2)	(2)
Post-retirement benefit obligation	(3)	(26)	(29)

	December 31, 2002		
	Company and wholly-owned subsidiaries	Partially-owned subsidiaries and joint ventures	Total
Effect of 1% increase in assumed health care cost trend rates			
Total of service and interest cost components	$ –	2	$ 2
Post-retirement benefit obligation	3	20	23
Effect of 1% decrease in assumed health care cost trend rates			
Total of service and interest cost components	–	(1)	(1)
Post-retirement benefit obligation	(2)	(14)	(16)

18. Segmented Information

Noranda has four operating segments: Copper, Nickel, Zinc and Aluminum. Inter-segment sales and purchases are made at market prices and trade terms. Operations and identifiable assets by operating and geographic segment are presented below:

a) Operating Segments

	Year ended December 31, 2003					
	Copper	Nickel	Zinc	Aluminum	Other	Total
Revenues	$ 2,165	1,297	410	688	97	$ 4,657
Operating expenses						
Cost of operations	732	586	232	389	85	2,024
Purchased raw materials	1,064	280	175	238	(13)	1,744
Depreciation, amortization and reclamation	205	135	71	41	28	480
	2,001	1,001	478	668	100	4,248
Income (loss) generated by operating assets	$ 164	296	(68)	20	(3)	$ 409
Interest expense, net						(129)
Corporate and general administration						(58)
Research, development and exploration						(51)
Minority interest in earnings of subsidiaries						(89)
Income before undernoted						$ 82
Taxes						(24)
Restructuring costs						(62)
Gain on sale of investments						38

Net income						$ 34
Total assets, excluding cash and short-term investments	$ 4,082	1,668	439	814	612	$ 7,615
Capital investments	$ 326	109	2	22	30	$ 489

	Year ended December 31, 2002					
	Copper	Nickel	Zinc	Aluminum	Other	Total
Revenues	$ 1,906	842	399	662	64	$ 3,873
Operating expenses						
Cost of operations	692	488	242	349	108	1,879
Purchased raw materials	947	146	144	241	(88)	1,390
Depreciation, amortization and reclamation	209	114	65	38	64	490
	1,848	748	451	628	84	3,759
Income (loss) generated by operating assets	$ 58	94	(52)	34	(20)	$ 114
Interest expense, net						(98)
Corporate and general administration						(58)
Research, development and exploration						(49)
Minority interest in earnings of subsidiaries						(26)
Loss before undernoted						$ (117)
Tax recovery						168
Restructuring costs						(561)
Gain on sale of investment						63
Net loss						$ (447)
Total assets, excluding cash and short-term investments	$ 3,596	1,139	511	797	766	$ 6,809
Capital investments	$ 257	84	4	41	142	$ 528

b) Geographic Segments

	Revenues		Capital assets	
	2003	2002	2003	2002
Canada				
– Domestic	$ 802	$ 662		
– Export	1,530	1,285		
Canada	$ 2,332	$ 1,947	$ 2,405	$ 2,165
United States	1,118	1,046	602	641
Chile	652	487	1,517	1,409
Peru	118	144	699	684
Other	437	249	432	356
Total	$ 4,657	$ 3,873	$ 5,655	$ 5,255

19. Significant Differences from United States Accounting Principles

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Canadian GAAP varies in certain significant respects from the principles and practices generally accepted in the United States ("U.S. GAAP"). The effect of these principal differences on the Company's financial statements is quantified below and described in the accompanying notes.

Statements of Income (Loss)

Years ended December 31	2003	2002
Net income (loss) − Cdn GAAP	$ 34	$ (447)
Increase in interest expenses(b)	(4)	(4)
Adjustment of certain financial instruments to market(c)	(14)	12
Start-up costs and exploration(d)	(40)	(81)
Amortization of start-up costs and exploration(d)	14	(5)
Recognition of asset impairment(e)	–	232
Pension and post-employment benefits(g)	–	(64)
Stock options(f)	(1)	(18)
Amortization of asset retirement obligation asset(h)	(4)	–
Accretion of asset retirement obligation liability(h)	(26)	–
Reversal of reclamation expenses(h)	22	–
Foreign exchange difference	(10)	–
Tax effect of adjustments	19	(10)
Net loss − U.S. GAAP before accounting change	(10)	(385)
Cumulative impact of change in accounting policy, net of tax(h)	(20)	–
Net loss − U.S. GAAP	(30)	(385)
Net loss per share reported under U.S. GAAP ($):		
Basic and Diluted	(0.20)	(1.67)
Retained earnings (deficit) under U.S. GAAP:		
Balance, beginning of year	(74)	446
Loss	(30)	(385)
Dividends:		
Common	(121)	(122)
Preferred	(21)	(11)
Other	(5)	(2)
Balance, end of year	$ (251)	$ (74)

Statements of Comprehensive Income (Loss)

Years ended December 31	2003	2002
Years ended December 31	2003	2002
Net loss under U.S. GAAP:	$ (30)	$ (385)
Other comprehensive income (loss):(a)		
Foreign currency translation adjustments(i)	258	31
Unrealized gains (loss) on long-term investments(j)	7	2

Derivative financial instruments:(c)		
Net amount reclassified into earnings	(15)	10
Net changes associated with current period hedging	138	5
Minimum additional pension liability adjustment(k)	58	(200)
Tax effect of adjustments on comprehensive income (loss)	(89)	54
Other comprehensive income (loss) − U.S. GAAP(a)	$ 357	$ (98)
Comprehensive income (loss) under U.S. GAAP(a)	$ 327	$ (483)

a) Comprehensive income is measured in accordance with Statement of Financial Accounting Standards ("FAS") No. 130, "Reporting Comprehensive Income." This standard defines comprehensive income as all changes in equity other than those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net earnings and other comprehensive income where other comprehensive income ("OCI") is the change in equity during the period that arises from transactions and other events that are related to non-owner sources. The concept of comprehensive income does not exist under Canadian GAAP.

b) Noranda accounts for the convertible debentures in accordance with their substance and, as such, they are presented in the financial statements in their liability and equity component parts. Under U.S. GAAP, the entire face value of the convertible debentures is treated as debt, with interest expense based on the coupon rate of 5.0%.

c) Under Canadian GAAP, certain financial instruments qualify as a hedge for accounting purposes and therefore gains and losses on these contracts are recognized in revenue at the time the anticipated cash flows are realized. U.S. GAAP, specifically under FAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" and No. 138 "Accounting for Certain Derivative Instruments and Hedging Activities" (together, "FAS 133"), requires a company to recognize all of its derivative instruments, whether designated in hedging relationships or not, on the balance sheet at fair value. The accounting for changes in the fair value (i.e. gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship. For strategies designated as fair value hedges, the effective portion of the change in the fair value of the derivative is offset by changes in the fair value of its hedged item. For cash flow hedges and hedges of the net investment in self-sustaining operations, the effective portion of the changes in the fair value of the derivative is accumulated in OCI and then is released from OCI and included in income when the hedged item affects earnings. All other derivatives are carried at fair value. FAS 133 establishes certain criteria to be met in order to designate a derivative instrument as a hedge and to deem a hedge as effective.

Fair Value Hedges

Noranda has chosen to designate its fixed forward price hedges and certain interest rate swaps as fair value hedges. During the year ended December 31, 2003, the Company recognized a net loss of $16 (2002 − $10) related to the ineffective portion of these hedging instruments.

Cash Flow Hedges

Noranda has chosen to designate its foreign currency-denominated revenue hedges and foreign currency-denominated expenditure hedges as cash flow hedges. No ineffectiveness to these hedging instruments was incurred during 2003 and 2002. At December 31, 2003, the Company expects to reclassify $55 of net gains (2002 − $14 of net losses) on derivative instruments from accumulated OCI to earnings during the next 12 months according to contract settlement dates.

Hedges of Foreign Net Assets

During the year ended December 31, 2003, the Company recognized $288 of net gains (2002 − $14), included in the cumulative translation adjustment, related to the forward foreign exchange contracts and foreign-denominated fixed-rate debt.

Other Hedges

For all other derivative instruments, Noranda has chosen not to designate them as hedging instruments.

d) Under Canadian GAAP, Noranda capitalizes exploration costs when sufficient pre-feasibility work indicates that future mine production is reasonably certain and capitalizes costs incurred during the start-up phase of a project until commercial production commences. Under U.S. GAAP, exploration costs cannot be capitalized until the Company has objective reasonable assurance as to their recovery, generally upon receipt of a bankable feasibility study. Statement of Position 98-5 requires start-up costs to be expensed as incurred. As a result of the differences in the carrying amount of capital assets under Canadian and U.S. GAAP, there are differences in depreciation expense in subsequent periods. Further a difference in depreciation expense arises due to the earlier commencement of depreciation under U.S. GAAP.

e) As a result of differences in the original carrying value of the magnesium project under Canadian and U.S. GAAP, related to start-up costs, capitalization of interest and depreciation, there is a difference in the amount of the asset impairment charge.

f) Effective January 1, 2002, Noranda prospectively adopted FAS No. 123 "Accounting for Stock-based Compensation" whereby compensation expense for options granted or modified after January 1, 2002 is measured at fair value at the grant date or modification date using the Black-Scholes valuation model and recognized over the remaining vesting period of the options granted or modified.

Prior to June 30, 2002, Noranda's stock option plan allowed for, at the option of the holder, the exercise of the employee's vested option whereby the difference between the grant price and the market price is paid on exercise by the Company, with no increase in the capital stock issued. Under U.S. GAAP, such a feature requires the mark-to-market obligation to be recognized through the income statement of the Company.

On June 30, 2002 Noranda's stock option plan was modified to remove the cash settlement feature. As a result, under U.S. GAAP additional compensation expense is being recognized over the remaining vesting period of these modified options to the extent that the fair value of the options outstanding on the modification date exceeded the previously recorded compensation expense of these options.

Under Canadian GAAP, there is no requirement to account for options that contain a cash settlement feature when the cash settlement feature is removed by June 30, 2002.

g) Under Canadian GAAP, when a defined benefit plan gives rise to an accrued benefit asset, a company must recognize a valuation allowance for the excess of the adjusted benefit asset over the expected future benefit to be realized from the plan asset. U.S. GAAP does not provide for a valuation allowance against pension assets. As a result, a difference between U.S. and Canadian GAAP has been recorded for the effects of recognizing a pension valuation allowance and changes therein under Canadian GAAP. Further differences result from the different transition rules and timing of the adoption of the current U.S. and Canadian standards for post-employment costs.

h) Effective January 1, 2003, Noranda adopted FAS 143, "Accounting for Asset Retirement Obligations" which requires that the fair value of liabilities for asset retirement obligations be recognized in the period in which they are incurred. A corresponding increase to the carrying amount of the related asset is generally recorded and depreciated over the life of the asset. The amount of the liability is subject to re-measurement at each reporting period. This differs from the Canadian GAAP which involves accruing for the estimated reclamation and closure liability through annual charges to earnings over the estimated life of the mine. The cumulative effect of the change through January 1, 2003 was to increase capital assets by $66, increase deferred credits by $84, decrease future tax liability by $4 and increase minority interest in subsidiaries by $6, with a one time after-tax charge to net earnings of $20 (loss of $0.08 per share). Canadian GAAP would adopt the same accounting rule, effective January 1, 2004.

In accordance with the standard, the Company has not included any provision for reclamation costs associated with assets of indeterminate lives, in particular metallurgical plants, as their lives cannot be reasonably estimated nor reclamation obligations determinable.

i) Under U.S. GAAP, foreign exchange gains and losses on translation of self-sustaining foreign operations are recorded in OCI. Under Canadian GAAP, such gains and losses are included as a separate component of shareholders' equity referred to as cumulative translation adjustment.

j) U.S. GAAP requires that certain long-term investments not held for trading be recorded at fair value, with unrealized holding gains and losses excluded from the determination of earnings and reported as a separate component of OCI.

k) U.S. GAAP requires the recognition of a minimum additional pension liability in the amount of the excess of the Company's unfounded accumulated benefits obligation over the recorded pension benefits liability. An offsetting intangible pension asset is recorded equal to the unrecognized prior service costs, with any difference recorded as a reduction in accumulated OCI.

l) U.S. GAAP requires investments in joint ventures to be accounted for under the equity method, while under Canadian GAAP, the accounts of joint ventures are proportionately consolidated. However, under rules promulgated by the Securities and Exchange Commission, a foreign registrant may, subject to the provision of additional information, continue to follow proportionate consolidation for the purposes of registration and other filings notwithstanding the departure from U.S. GAAP. Consequently, the consolidated balance sheets have not been adjusted to restate the accounting for joint ventures under U.S. GAAP. Additional information concerning the Company's interests in joint ventures is presented in Note 5.

m) U.S. GAAP does not permit the subtotal of cash from operations before net changes in non-cash working capital.

The following summarizes the adjustments to the Company's balance sheets and cash flow statements in order to conform to U.S. GAAP.

Balance Sheet

Years ended December 31	2003		2002	
	Canadian GAAP	United States GAAP	Canadian GAAP	United States GAAP
Assets:				
Investments and other assets(c)(j)	$ 205	$ 514	$ 182	$ 300
Capital assets(d)(e)(h)	5,655	5,463	5,255	5,036
Liabilities:				
Accounts and taxes payable(c)	903	992	720	774
Long-term debt(b)(c)	2,893	3,045	3,014	3,132
Deferred credits(c)(g)(h)	414	783	367	632
Future income tax liability (asset)	54	(54)	49	(104)
Minority interest in subsidiaries	914	823	759	660
Shareholders' Equity:				
Retained earnings (deficit)	(92)	(251)	24	(74)
Capital stock(f)	2,382	2,415	1,792	1,825

Convertible debentures(b)	84	–	79	–
Currency translation adjustment(i)	265	–	(34)	–
Accumulated other comprehensive income (loss)	–	181	–	(176)

Cash Flow Statement

Years ended December 31	2003		2002	
	Canadian GAAP	United States GAAP	Canadian GAAP	United States GAAP
Operating activities	$ 413	$ 376	$ 380	$ 271
Investment activities	(543)	(506)	(379)	(270)
Financing activities	338	338	113	113
Cash and cash equivalents, beginning of year	293	293	179	179
Cash and cash equivalents, end of year	501	501	293	293

Impending Accounting Changes

Canadian GAAP

In 2003, the CICA issued Handbook Section 3110, "Asset Retirement Obligations", which establishes standards for the recognition, measurement and disclosure of asset retirement obligations and the related asset retirement costs. This new section is effective for the Company's 2004 fiscal year and harmonizes Canadian requirements with existing U.S. GAAP. The adoption of this section on January 1, 2004 is expected to result in the cumulative effect of an accounting change of $28 being recognized as a charge to opening retained earnings, the recognition of a liability of $117, the recognition of a fixed asset of $84, the recognition of a future tax asset of $8, the recognition of a charge to CTA of $3 and the recognition of minority interest in subsidiaries of $6.

In 2003, the CICA issued Accounting Guideline AcG-15, "Consolidation of Variable Interest Entities", to provide guidance for applying the principles in Handbook Section 1590, "Subsidiaries", to certain entities. Although the CICA is contemplating amendments to the Guideline, it is expected to be effective for the Company's 2005 fiscal year. Although the Company is currently reviewing AcG-15, the impact of the Guideline, if any, on the Company's consolidated financial statements has not been determined.

In 2003, the CICA finalized amendments to Accounting Guideline AcG-13, "Hedging Relationships", that clarified certain of the requirements in AcG-13 and provided additional application guidance. AcG-13 is applicable for the Company's 2004 fiscal year. The Company does not expect the adoption of this Guideline to have a material impact on its consolidated financial statements.

United States GAAP

In 2003, the FASB amended Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46R"). FIN 46R requires that a variable interest entity ("VIE") be consolidated by a company if that company is subject to a majority of the risk of loss from the VIE's activities and/or is entitled to receive a majority of the VIE's residual returns. For the Company, the requirements of FIN 46R apply in 2003 for all VIEs created after January 31, 2003. For VIEs created before January 31, 2003, the requirements of FIN 46R apply as of December 31, 2004 for a VIE that does not meet the definition of a special-purpose entity ("SPE") and as of January 1, 2004 for a VIE that is an SPE.

Although the Company is currently reviewing FIN 46R (with respect to VIEs created before January 31, 2003), the impact, if any, of these pronouncements on the Company's consolidated financial statements has not been determined.

Management's Discussion and Analysis

Corporate Overview

Noranda is a leading copper and nickel producer with investments in integrated zinc and aluminum assets. The Company employs approximately 15,000 people at its operations and offices in 18 countries and is listed on both the New York and Toronto Stock Exchanges.

Noranda's goal is to deliver superior return to shareholders by owning, developing and efficiently managing integrated copper, nickel, zinc and aluminum operations.

Financial Summary

Effective July 1, 2003, the Company's functional and reporting currency was converted to U.S. dollars. Unless otherwise noted, all amounts in this report are expressed in U.S. dollars.

$ millions, except per share data	2003	2002
Results of operations		
Revenues	4,657	3,873
Income generated by operating assets*	409	114
Net income (loss)	34	(447)
Net income (loss) per common share	$ 0.04	$ (1.93)
Cash flow		
Cash flow from operations	577	348
Investment in growth projects	307	382
Sustaining capital expenditures	182	146
Financial position		
Cash and short-term investments	630	293
Operating capital assets	4,682	4,652
Development projects	973	603
Total assets	8,245	7,102
Long-term debt	2,893	3,014
Shareholders' equity	2,636	1,858
Net-debt-to-equity ratio	43%	54%

* Defined as earnings before interest, corporate and general administration, research, development, exploration, minority interest, taxes, restructuring costs and gain on sale of investments.

Financial Profile

Noranda's consolidated assets totaled $8.2 billion as at December 31, 2003 on a book value basis compared with $7.1 billion at the end of 2002. The increase is primarily due to the investment of additional capital in advancing brownfield expansion development projects and debt and equity issues completed in 2003. Total revenues increased to $4.7 billion during 2003, an increase of $800 million over the $3.9 billion in revenue generated in 2002, mainly due to stronger metals prices and higher production levels. Noranda returned to profitability in 2003, generating net income of $34 million, or $0.04 per share diluted, an increase of $481 million from the loss of $447 million in 2002. The improved results were attributed to higher base metal prices and a lower cost structure in 2003. This was partially offset by the impact of the strengthening Canadian dollar, which increased Canadian-based operating costs when converted to U.S. dollars. 2002 net income included a reduction in the carrying value of the Company's magnesium operations of $520 million in recognition of the lower than expected magnesium prices.

At December 31, 2003, Noranda held cash and short-term investments of $630 million as a result of improved operating cash flows and the proceeds of debt and equity issues completed in September 2003, which generated $880 million. These cash resources, combined with undrawn credit facilities of over $1 billion, provide the Company with sufficient liquidity to complete its development projects, pursue new investment and development opportunities currently contemplated and repay near-term debt maturities.

Operating Assets

Of the $8.2 billion of assets, the capital assets which are currently contributing to earnings totaled $4.7 billion, while projects under development, which are not currently contributing to earnings, totaled $1 billion. Combined, these assets represent 70% of the total asset base of the Company. The operating assets are distributed in the Company's core metals as follows:

$ millions	2003	2002
Operating capital assets		
Copper	2,740	2,702
Nickel	1,052	982
Zinc	223	244
Aluminum	579	598
Other	88	126
Total	4,682	4,652

Capacity Enhancements

Since 1998, Noranda has invested in excess of $4 billion in the expansion of its operating capacity with the addition of world-class, low-cost assets and the improvement of existing operations. The Company increased its copper, nickel and zinc ore reserves, enhanced its copper and nickel processing capacity and expanded its primary and fabricated production capacity. These investments have substantially increased the Company's baseline earnings and its leverage to metal prices. The following is a summary of these initiatives and their impact on Noranda.

Business	Initiative	Impact	Completed
Copper	Collahuasi mine		1998
	Antamina mine	Additional ore reserves of 1,983 million tonnes grading 0.92% copper	2001
		Additional ore reserves of 530 million tonnes grading 1.22% copper and 1.01% zinc	
	Lomas Bayas	Additional ore reserves of 397 million tonnes grading 0.32% copper	2001
	Recycling plant − Tennessee	Additional throughput capacity of 20,000 tonnes	2001
	Altonorte smelter expansion	Additional throughput capacity of 440,000 tonnes	2003
	Recycling plant − Ontario	Annual throughput capacity of over 5,000 tonnes of electronic recyclables	2003
Nickel	Raglan mine	Additional ore reserves of 22.1 million tonnes grading 3.12% nickel	1998
	Nikkelverk refinery expansion	Increased throughput capacity by 23% to 85,000 tonnes	2001
Aluminum	Primary aluminum expansion	Increased annual production capacity by 15% to 250,000 tonnes	2001
	Huntingdon foil plant	Additional 125,000 tonnes of production capacity	2002

Projects Under Development

Investments in development projects at the end of the year totaled $973 million, an increase of $370 million since 2002, primarily due to capital invested in two major sources of copper production. The Collahuasi transition/ expansion project will increase the mine's annual production capacity by 24% to 410,000 tonnes of copper in concentrate compared to 2003. Kidd Creek Mine D will give access to an additional 10.3 million tonnes of reserves and 14.1 tonnes of resources. While the annual production level of the Kidd Creek mine is expected to be similar to that of 2003, the cost structure will be lower and significantly more stable. Total investments in the Collahuasi and Kidd projects during 2003 totaled $160 million and $85 million, respectively.

Nickel and copper mining is the focus of the Company's growth program. As shown in the following table, Noranda has expansion projects in both these commodities that are currently under development. With the exception of Koniambo and Nickel Rim South, all projects underway are expected to be in production before mid-2005.

Projects Under Development

	Noranda Inc.'s Beneficial Interests (%)	Book Value ($ millions)	Planned Completion	Resource Category	Tonnes (millions)	Copper (%)	Grade Nickel (%)	Zinc (%)
Copper								
Kidd Creek Mine D, Ontario	59.2	$ 276	2004	Inferred	14.1	3.40	–	4.90
Collahuasi extension, Chile	59.2	207	2004	Proven	254.1	1.01	–	–
				Probable	1,554.1	0.90	–	–
Nickel								
Montcalm, Ontario	59.2	17	2005	Probable	5.1	0.71	1.46	–
Koniambo, New Caledonia	29.0	123	2008	Measured	32.4	–	2.21	–
				Indicated	109.7	–	2.10	–
				Inferred	156.0	–	2.20	–
Nickel Rim South, Ontario	59.2	5	2008	Inferred	11.7	3.70	1.60	–
Other brownfield and greenfield developments		345	2005-2008	–	–	–	–	–
Total		$ 973						

Montcalm

One of the most advanced of these projects is the Montcalm nickel project which has secured all the necessary regulatory approvals for development and began construction in November 2003. It is scheduled to start operations in 2005 after an investment of $75 million. This project, located in Ontario, near existing metallurgical plants, is expected to add 8,000 tonnes of nickel production on an annual basis at an operating cost of $2.47 per pound.

Koniambo

The Koniambo nickel project in New Caledonia is one of the world's highly-coveted, undeveloped nickel deposits with total measured and indicated resources of 142 million tonnes grading 2.13% nickel and inferred resources of 156 million tonnes grading 2.20% nickel. Our partner, Société Minière du Sud Pacifique (largely owned by the North Province of New Caledonia), owns 51% of the project. A pre-feasibility study was completed in 2003 and a bankable feasibility study is scheduled for completion in 2004. The project is based on a proven smelting process similar to the one that has been employed for over 20 years at the ferronickel facility in the Dominican Republic. The expected capital investment to develop the project is $1,120 million, excluding a power-generation project expected to require an investment of $450 million. The partners intend to be in a position to make a decision on the development of the project before the end of 2004, following the completion of the bankable feasibility study. If this project is developed, Noranda's beneficial interest in mined nickel production will almost double.

Nickel Rim South

The Nickel Rim South project is located in the Sudbury basin in close proximity to our existing nickel operations and their infrastructure. The project is expected to add 11.7 million tonnes to resources, with exploration work continuing to further expand the reserves.

In addition to the projects outlined on page 19, there are opportunities to expand the mines and extend the copper ore reserves efficiently with minimal capital investment at the currently operating Collahuasi, Lomas Bayas, and Antamina mines. These development opportunities are generally lower-risk in nature as they are typically integrated with current operations in known environments and geological areas. Similarly, in the vicinity of our Sudbury operations and our Raglan mine, our exploration efforts have identified several areas to add to the nickel reserves and further extend the mines' lives. While the scope of the opportunities have not, in all cases, been identified they present an option for us to ensure we maintain and enhance our future production profile. The following is a list of some of those opportunities:

Brownfield Opportunities

Copper	
Antamina mine, Peru	Production capacity expansion
Collahuasi mine, Chile	Production capacity expansion; water rights already secured
Lomas Bayas mine, Chile	Adjacent Fortuna de Cobre deposit; would extend mine life beyond 15 years
Nickel	
Fraser Morgan mine, Canada	Indicated resources of 6.3 million tonnes of 1.6% nickel and 0.52% copper; access from existing infrastructure
Raglan mine, Canada	Opportunity to increase nickel production capacity by 20%
Zinc	
Perseverance mine, Canada	Measured and indicated resources of 5.12 million tonnes grading 15.82% zinc and 1.24% copper; would utilize existing infrastructure from Bell Allard mine

Greenfield Opportunities

Greenfield opportunities, or those potential projects which are located at previously undeveloped locations (from a Noranda perspective), also represent significant growth potential to Noranda. Projects currently being reviewed for development are as follows:

Copper	
El Pachón, Argentina	Measured and indicated resources of 724 million tonnes grading 0.65% copper
El Morro, Chile	Inferred resources of 466 million tonnes grading 0.61% copper and 0.50 grams per tonne gold
Frieda River, Papua New Guinea	Measured, indicated and inferred resources of 785 million tonnes grading 0.70% copper and 0.38 grams per tonne gold
Zinc	
Lady Loretta, Australia	Measured and indicated resources of 11.6 million tonnes grading 16.1% zinc

Planned Capital Investments

Capital investments for 2004 are expected to total $595 million as the development of the Collahuasi, Kidd Mine D, Montcalm and Nickel Rim South projects are advanced towards operating status. Sustaining capital expenditures average approximately $200 million annually. All of the currently projected capital investments can be funded from the current capital structure. Noranda's capital investment projections and its major components are shown in the following table.

Business	Growth Project	Impact	Capital Investments 2003	2004F	2005F
			($ millions)		
Copper	Altonorte smelter expansion	Additional throughput capacity of 440,000 tonnes	$ 15	$ –	$ –
	Collahuasi mine	Restore annual production to 410,000-tonne level	160	80	–
	Kidd Mine D	Access to additional 10.3 million tonnes of ore reserves with 2.25% copper and 6.98% zinc	85	105	90
Nickel	Nickel Rim South	5-year development timeframe; inferred resources of 11.7 million tonnes of 1.6% nickel and 3.7% copper; significant PGMs	11	75	50
	Montcalm	8,000 tonnes per year operation for 7 years	13	55	20
	Koniambo	60,000 tonnes per year operation with measured and indicated resources of 142 million tonnes grading 2.13% nickel	23	55	105
	Fraser Morgan	Indicated resources of 6.3 million tonnes of 1.71% nickel and 0.52% copper	–	5	20
	Raglan	Increase milling capacity by 40%	–	10	40
			307	385	325
Sustaining Capital			182	210	205
Total Capital Investments			$ 489	$ 595	$ 530

F: Forecast

Risk Assessment and Reduction in the Evaluation, Selection and Implementation of Projects

Noranda's preference for low-risk brownfield expansion projects provides inherent risk reduction due to the Company's knowledge of the environment in which the expansion project is to be undertaken. Where Noranda's growth demands development of greenfield projects, risk assessment and reduction is our top priority.

Managing Project Evaluation, Selection and Implementation

Noranda has taken several steps to ensure the success of all its current and future capital projects:

Creation of a highly-experienced projects group with world-class project leaders dedicated to securing the investment performance of major capital projects;

Implementation of Six Sigma-based Stage-gate process for project evaluation. This process is a disciplined system which addresses and quantifies key sources of project impact and risk in support of management decision making;

Addition of parameters in our Stage-gate process that measure social, business and strategic elements;

Recognition of investment returns as the primary metric of project success; and

Assignment of accountability.

Exploration

The exploration team conducts worldwide exploration focused on copper, nickel and platinum group metals. The mandate is to discover and delineate mineral resources that merit approval to proceed to development and production. The team targets mineral resources of strategic size, in locations with acceptable country risk, with after-tax rates of return on investment of greater than 15% and operating costs below the industry mid-point.

This group's goal is to conduct safe and environmentally responsible exploration utilizing the latest appropriate technological advances in exploration methodology to improve efficiency and the likelihood of success. Joint-venture arrangements are pursued with both junior and senior mining companies to increase the level of focused activity and to share cost and risk. The exploration budget for 2004 is forecast to be $35 million. Worldwide joint-venture participants, plus tax credits and grants provided by the Quebec and New Brunswick provincial governments to stimulate exploration activity are expected to provide external funding that will have the effect of increasing the internal budget to an estimated $50 million.

Exploration is currently being carried out primarily in Canada, Mexico, Brazil, Chile, South Africa, Norway, Australia and Papua New Guinea.

Copper and Copper-Zinc Exploration

Global copper exploration during 2003 was focused primarily on Chile, Argentina, Brazil, Mexico, Papua New Guinea, Canada and Australia. Exploration in support of the Canadian operations focused on the Abitibi region of Quebec and Ontario.

Nickel and Platinum Group Metals Exploration

Advanced exploration is focused in Sudbury, Ontario and Raglan, Quebec near our existing operations. Diamond drilling at the Nickel Rim South discovery at Sudbury has increased the estimated inferred mineral resource from 6.3 million tonnes to 11.7 million tonnes of 1.6% nickel, 3.7% copper, 2.0 grams per tonne platinum, 2.3 grams per tonne palladium and 0.7 grams per tonne gold. Exploration at Raglan during 2003 has resulted in 1.7 million tonnes being added to the mineral reserves and resources.

Results of Operations

New production which has come on stream, recent inefficient-capacity shutdowns, staffing reductions, and increased base metal prices have enabled Noranda to continue to report quarter-over-quarter improvements in earnings over the past twelve months.

Quarterly Earnings

$ millions, except per share data	Q1	Q2	Q3	Q4	2003	Q1	Q2	Q3	Q4	2002
Results of Operations										
Revenues	1,056	1,112	1,165	1,324	4,657	1,026	1,071	889	887	3,873
Cost of operations	485	514	516	509	2,024	483	490	454	452	1,879
Purchased raw materials	398	408	478	460	1,744	385	401	344	260	1,390
Depreciation, amortization and reclamation	114	127	120	119	480	113	126	117	134	490
Income (loss) generated by operating assets	59	63	51	236	409	45	54	(26)	41	114
Interest expense	38	37	33	21	129	23	22	26	27	98
Corporate and general administration	13	14	12	19	58	13	16	14	15	58
Research, development and exploration	8	12	13	18	51	11	13	16	9	49
Minority interest in earnings of subsidiaries	17	18	11	43	89	8	12	(6)	12	26
Income (loss) before undernoted	(17)	(18)	(18)	135	82	(10)	(9)	(76)	(22)	(117)
Tax expense (recovery)	(6)	(23)	(1)	54	24	(13)	2	(33)	(124)	(168)
Restructuring costs	29	15	(3)	21	62	–	15	–	546	561
Gain on sale of investments	–	–	(34)	(4)	(38)	–	(61)	–	(2)	(63)
Net Income (loss)	(40)	(10)	20	64	34	3	35	(43)	(442)	(447)
Earnings (loss) per common share	$ (0.18)	$ (0.08)	$ 0.04	$ 0.21	$ 0.04	$ 0.00	$ 0.15	$ (0.21)	$ (1.86)	$ (1.93)

Results of Operations

Net income for the year ended December 31, 2003 was $34 million or $0.04 per common share on a diluted basis, compared with a loss of $447 million or $1.93 per share for 2002. The improved results in 2003 are due to higher average realized prices for all four main metals and cost-containment initiatives undertaken in the past three years, which will continue to add to the core earnings of the Company. The net income in 2003 included a gain of $38 million pre-tax on the sale of the remaining priority units of the Noranda Income Fund and other investments. This was offset by $62 million pre-tax of restructuring costs related to the shutdown of unprofitable operations. The 2002 results included a restructuring provision of $520 million pre-tax against the Company's magnesium investment, other restructuring costs of $41 million, and a gain realized on the sale of the Company's CEZ facility which totaled $63 million pre-tax.

Income generated by operating assets increased to $409 million in 2003 compared to $114 million in 2002. The contribution from operating assets is expected to rise as capacity expansions begin contributing to operating earnings in 2004 and 2005. This includes the expansion of the Kidd Creek and Collahuasi mines and realization of benefits from cost-saving initiatives which were undertaken in 2003.

Revenues increased to $4.7 billion in 2003, an increase of 21% over 2002 revenues of $3.9 billion, due to additional capacity brought on stream, and higher realized prices during 2003. Average realized prices, as well as estimated current realized prices which will positively impact 2004, are as follows:

Average Realized Prices

$ per pound	Estimated Current Price*	2003	2002
Copper	$ 1.30	$ 0.82	$ 0.74
Nickel	$ 7.10	$ 4.40	$ 3.14
Ferronickel	$ 6.65	$ 4.20	$ 3.16
Zinc	$ 0.51	$ 0.43	$ 0.40
Aluminum	$ 0.82	$ 0.68	$ 0.65
Lead	$ 0.42	$ 0.27	$ 0.23
Cobalt	$ 25.00	$ 10.41	$ 7.02

* As of February 18, 2004

Cost of operations increased to $2.0 billion, an 8% increase from 2002 levels of $1.9 billion, largely as a result of the strength of the Canadian dollar relative to the U.S. dollar, which appreciated approximately 20% during 2003, and increasing energy costs throughout the operations. Approximately 50% of the Company's operating costs are incurred in Canadian dollars. Purchased raw materials, including costs incurred to purchase custom feed, increased to $1.7 billion in 2003 from $1.4 billion in 2002, due to higher average metal prices and the impact of the stronger Canadian dollar. The settlement price for purchased custom feed is based on metal content and the prevailing market prices of the metals.

Earnings per share is calculated as follows:

$ millions, except per share information	2003	2002
Net income (loss)	34	(447)
Deduct		
Preferred share dividends	21	11
Interest on convertible debentures	3	2
Income (loss) available to common shareholders	10	(460)
Weighted average shares outstanding − 000s	261,618	238,824
Net income (loss) per common share	$ 0.04	$ (1.93)

Net income for the fourth quarter of 2003 was $64 million, or $0.21 per share diluted compared to a loss of $442 million or $1.86 per share diluted for the same period in 2002. This increase was as a result of significantly higher metals prices realized in the fourth quarter of 2003 versus 2002 offset by the impact of a strong Canadian dollar. Nickel prices realized in the fourth quarter of 2003 averaged $5.57 per pound, a 70% increase over $3.28 per pound realized in the fourth quarter of 2002, while realized copper prices increased to $0.93 per pound in the fourth quarter of 2003 compared with $0.72 per pound realized in the same period of 2002. The fourth quarter of 2002 also included a charge reducing the carrying value of the Company's magnesium operations of $520 million pre-tax.

With the addition of new mine capacity to Noranda's operating base, the Company's net income sensitivity to improvement in metal prices has increased significantly. The following table shows the annualized impact on Noranda's net income from changes in metals prices and the U.S./Canadian dollar exchange rate.

	Change in US$/lb. Price	Impact on Net income ($ millions)	Impact on Income per share
Copper	$ 0.05	$ 27	$ 0.09
Nickel	$ 0.10	$ 7	$ 0.02
Zinc	$ 0.05	$ 40	$ 0.14
Aluminum	$ 0.05	$ 19	$ 0.06
Lead	$ 0.05	$ 5	$ 0.02
Exchange rate Cdn$ = US$	1¢	$ 5	$ 0.02

Integrated Operations

As an integrated producer of metals, Noranda's operations include mines and metallurgical facilities which provide the Company with maximum flexibility in both minimizing costs and maximizing operating performance in processing its ore. This integration also reduces the Company's exposure to treatment charge fluctuations and shipping rate volatility.

When milling, smelting or refining capacity exceeds the Company's own mine production, Noranda acquires third-party ores to utilize this capacity and realize incremental treatment charges. These treatment charges provide incremental income to the Company and absorb fixed costs at metallurgical sites, with custom milling and refining operations being conducted throughout the Company as capacity allows. Operations conducting custom feed processing of copper and nickel feeds are located in North and South America, and Norway. This integration allows Noranda to maintain some of the lowest cash cost operations in the industry. In 2003, Noranda's integrated cost to produce a pound of copper was $0.30 per pound while the trading price for copper averaged $0.81 per pound, and was in mid-February 2004 approximately $1.30. The flexibility of the processing facilities also enables the Company to treat complex ore which may otherwise render a deposit uneconomic due to high treatment costs.

The price paid to suppliers of these custom feed ores varies with the prevailing price of the metals being treated and as such, Noranda's exposure to increasing metals prices is primarily based upon its own mine production. Noranda's continued focus on the identification and development of long-life, high-quality copper and nickel mining assets will continue to increase its leverage to copper and nickel while current metallurgical site infrastructure will minimize the investment required to bring new deposits into commercial production.

Copper

The Copper business is a fully-integrated producer of copper metal and concentrate. It is comprised mostly of long-life, low-cost mines located primarily in South America. They include Noranda's interest in the Antamina copper and zinc mine in Peru, the Collahuasi and Lomas Bayas mines in Chile and the Kidd Creek mine in Ontario, Canada. In addition to these mines, the operations include the Altonorte copper smelter in Chile, as well as refining, smelting and recycling facilities in Canada and the U.S. As discussed previously, the mines have several potential brownfield and greenfield expansion opportunities which can further increase earnings from this business.

	2003	2002
Revenues − $ millions	2,165	1,906
Purchased raw materials − $ millions	1,064	947
Operating cash cost** − per pound of copper	$ 0.30	$ 0.34
Income generated by operating assets − $ millions	164	58
Sales and throughput (000 tonnes)*		
Copper in concentrates	219	256
Copper metal	436	488
Zinc metal	99	145
Zinc in concentrates	112	75
Sulphuric acid	651	322
Concentrate processed	1,436	1,286

* 100% basis except for Collahuasi and Antamina.

** Includes all cash production and selling costs, net of by-product credits, but excludes interest, corporate, research, exploration costs and custom feed profits. Continuing costs incurred during shutdowns or strikes are excluded.

Total revenue for the Copper business increased to $2.2 billion during 2003, an increase of 14% over 2002 revenue of $1.9 billion, on the strength of increased production levels and higher prices. During 2003, average realized prices increased from $0.80 per pound in the first quarter of 2003 to $0.93 per pound in the fourth quarter of 2003. Copper prices in February 2004 were approximately $1.30 per pound on the LME, which should contribute to further increases in earnings contribution from these operations in 2004.

The integrated nature of the Copper business enables the Company to maintain maximum flexibility in ore processing and will minimize future investment in the development of brownfield expansions. The integrated cash costs to produce a pound of copper declined from $0.34 to $0.30 as a result of the increased capacity at the Altonorte smelter and improved operations at the recycling operations.

Operating highlights for each of the major assets in the copper group are as follows:

Collahuasi − 2003 production totaled 168,578 tonnes of copper concentrate at an operating cash cost of $0.38, a decrease of $0.01 per pound over 2002 despite lower grades. These lower grades also accounted for a decrease in copper production of 9% compared to 2002 levels of 185,014 tonnes. The concentrator processing capacity is currently being expanded to 110,000 tonnes per day and, when combined with a transition to higher-grade ores, should increase refined copper production during 2004 to a planned level of 178,000 tonnes;

Antamina − 2003 copper production decreased to 85,188 tonnes as access to the higher-grade copper-only ores was restricted as a result of residual lake sediment. However, zinc production was over 56% higher as ores processed were of a higher zinc content compared to 2002. In 2004, copper production is expected to increase as the removal of the lake residue is completed and the higher-grade copper can be accessed.

The Antamina orebody is highly variable and is currently described by more than six different ore classifications. Since mill start-up in June 2001, Antamina has experienced difficulty in predicting the distribution of ore types that affect production, recoveries and concentrate quality, and in reconciling production tonnage and grades to the reserve model. In order to enhance the predictive ability of the current reserve model and to facilitate better short- and long-term mine planning, Antamina is undertaking 112,000 metres of infill drilling and drilling at depth, at a cost of $14 million. This drill program and associated analyses are expected to be completed in the first half of 2005. Results will be reviewed periodically during the course of the program and, as warranted, will be incorporated in reserve and resource estimates for the deposit;

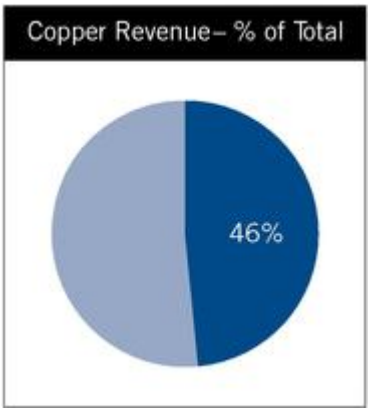
Lomas Bayas − During 2003 Lomas Bayas achieved record production levels, producing 60,427 tonnes of copper cathode in 2003 compared to 59,304 tonnes in 2002. Current operating cash cost per pound is $0.48 per pound, a slight increase over $0.45 per pound due to an increase in the Chilean peso relative to the U.S. dollar. A total of 81.1 million tonnes of mineral resources were added during 2003, increasing proven and probable mineral reserves to 363.9 million tonnes at December 31, 2003;

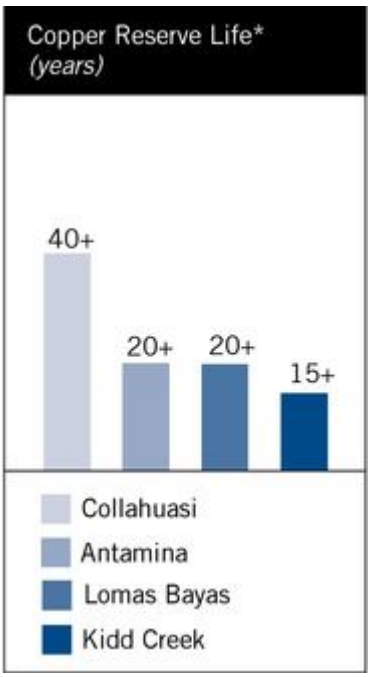
Kidd Creek − The mining operations at Kidd Creek mined 2.1 million tonnes in 2003, a 5% decrease compared to 2002 levels due to difficult ground control conditions in the upper mine and a delay in stope rehabilitation in the lower portion of the mine. Copper ore grade in 2003 was 2.3% compared to 2.1% in 2002, and the zinc ore grade declined slightly to 4.27% compared with 5.9% in 2002. As a result of lower than expected production, increasing energy costs and the strength of the Canadian dollar, mining cash costs increased to $0.87 per pound of copper compared with $0.62 per pound of copper in 2002. The Company continued with its Mine D expansion at Kidd during 2004, a project which is expected to add additional production of 1.8 million tonnes of ore once full production is achieved; and,

Processing facilities − The copper group has three smelters and two refinery complexes within its operations located at: Altonorte in Chile, and the Kidd Creek and Horne/CCR operations in Canada. The geographic diversity of the sites and the ability of the operations to treat highly complex ore and recycled materials provides Noranda with a high degree of flexibility in deciding what site is the most appropriate location to treat the ore mined at its various operations. These metallurgical sites also purchase custom feed to absorb capacity and generate incremental treatment charges from third parties to the extent that Noranda mines do not provide sufficient ore to fill capacity. The development of the Montcalm nickel mine near Timmins, Ontario will see some concentrator capacity at Kidd Creek be converted to the treatment of this nickel ore, commencing in early 2005. This modification, coupled with the increased ore generated by the production expansion at Mine D at the Kidd mine, will significantly improve the profitability of the Kidd metallurgical site. In 2003, the revenue contribution from the processing operations was reduced because of low treatment terms. This trend will likely continue for the short term due to continued over-capacity

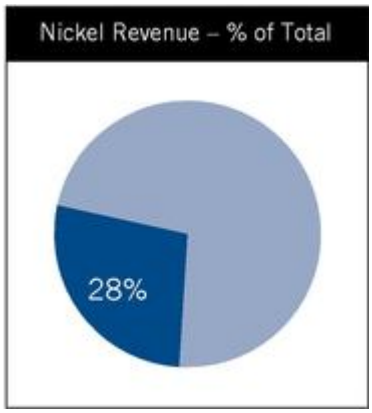
in world smelting and refining capacity and reduced copper mine production throughout the world.

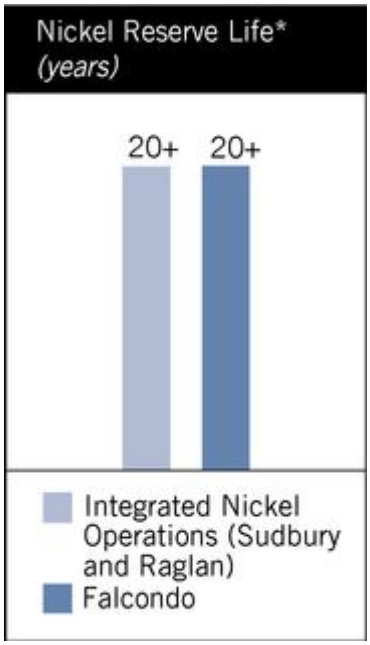
During 2003, the Copper business produced 436,000 tonnes of copper in cathode and 219,000 tonnes of copper in concentrate, compared to 488,000 tonnes and 256,000 tonnes respectively, in 2002. In addition to copper, zinc metal produced at Kidd Creek declined to 94,719 tonnes in 2003 from 145,309 tonnes in 2002 due to a planned shutdown in response to low zinc prices during 2003. Zinc concentrate production increased to 122,422 tonnes, a 56% increase from 2002 production levels of 77,876 tonnes as ore processed from the Antamina operation consisted of higher zinc grades during 2003.

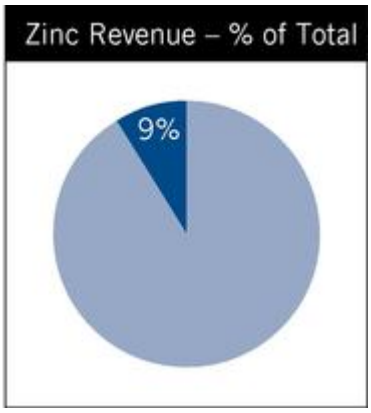




* Reflects impact of expansions on a pro forma basis







*Reflects impact of expansions on a pro forma basis

Nickel

The Nickel business is comprised of nickel mines and processing facilities in Sudbury and Raglan, Canada, a refinery in Kristiansand, Norway, and a ferronickel operation at Falcondo in the Dominican Republic. Processed ore is acquired from both the Company's mining operations and through purchased custom feed.

	2003	2002
Revenues – $ millions	1,297	842
Purchased raw materials – $ millions	280	146
Operating cash cost – per pound of nickel	$ 2.64	$ 1.96
Operating cash cost – per pound of ferronickel	$ 3.04	$ 2.76
Income generated by operating assets – $ millions	296	94
Sales (000 tonnes) – 100% basis		
Nickel	79	71
Ferronickel	27	21
Cobalt	3	3

Revenues for 2003 increased by 54% to $1,297 million when compared to 2002. In addition to the improved nickel price, sales volumes increased as higher ore grades at the Raglan mine, a higher operating level at Falcondo and increased custom feed deliveries at the Sudbury smelter and Kristiansand refinery offset lower mine production in the Integrated Nickel Operations ("INO").

The operating cash cost of producing a pound of nickel from the mines in the INO, was $2.64 per pound of nickel. The $0.68, or 35%, increase over 2002 costs resulted from the strengthening of the Canadian dollar on operating costs, higher spending levels in the Canadian operations and lower ore grades, which were partially offset by higher by-product credits as a result of the increase in metal prices. Falcondo's operating cash cost per pound of ferronickel increased by 10% in 2003, to $3.04 per pound due to the increase in oil prices.

Income generated by the nickel business in 2003 was $296 million compared to $94 million for 2002. The $202 million increase was attributable to the impact of increased metal prices and higher sales volumes which were partially offset by higher unit production costs and increases in charges for depreciation caused, in part, by the strengthening of the Canadian dollar.

The collective agreements with the production and maintenance workers at Sudbury expired on January 31, 2004 and a settlement was achieved on February 21, 2004, after a three-week strike. The collective agreement with the office, clerical and technical workers expired February 28, 2004 and was renewed for a three-year term at that time.

Zinc

The Zinc business includes the Brunswick and Bell Allard mining operations, the Brunswick lead metallurgical operations (lead smelter, lead refinery and silver refinery), General Smelting, the NorFalco sulphuric acid marketing operations, sales offices in Independence, Ohio and Zug, Switzerland, and Noranda's interest in a zinc refinery held through the Noranda Income Fund.

	2003	2002
Revenues − $ millions	410	399
Purchased raw materials − $ millions	175	144
Operating cash cost − per pound of zinc	$ 0.32	$ 0.32
Income generated by operating assets	(68)	(52)
Sales (000 tonnes)		
Zinc in concentrates	335	257
Lead metal	60	91

The 2003 revenues for the Zinc business were $410 million compared to $399 million in 2002. In 2003, higher zinc and lead prices, and higher production from the Brunswick and Bell Allard mines, more than offset a reduction in output from the Brunswick smelter related to the move to an eight-month seasonal operation.

The amount of contained zinc in the concentrates produced increased by 9% in 2003 as a result of record zinc recoveries at the Brunswick mine and a 17% increase in mill throughput at the Bell Allard mine.

The cost to produce a pound of zinc at the Brunswick mine was up slightly over 2002 on account of higher energy costs and a stronger Canadian dollar. At the Bell Allard mine, unit costs improved slightly as higher ore grades, zinc recoveries and mill throughput offset the stronger Canadian dollar. Overall operating cash costs were $227 million compared to $242 million in 2002. The lower costs reflect the transition of the Brunswick smelter to an eight-month operation and the change in the ownership of CEZ in 2002. These were offset somewhat by the impact of the stronger Canadian dollar and higher energy costs.

The loss generated by operating assets of $68 million compares with a loss of $52 million in 2002. In 2003, improved zinc and lead prices and higher production from Brunswick and Bell Allard mines were offset by the impact of the weaker U.S. dollar, higher energy costs and the fact that CEZ was 100% owned for the first four months of the year in 2002.

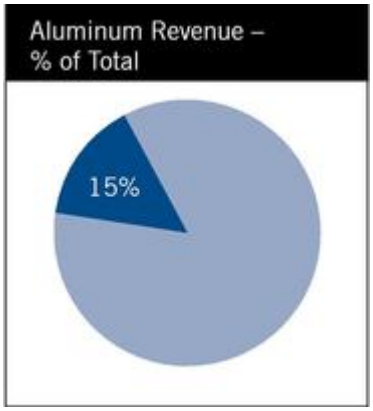
Production levels in 2004 should approximate the level achieved in 2003 as higher forecasted production from the Brunswick mine is expected to offset the depletion of the Bell Allard mine ore reserves in the fourth quarter of 2004.

On May 3, 2002, the Company successfully completed an initial public offering of the Noranda Income Fund (the "Fund") after which the Company's participation in the Fund was 48.97%. During July 2003, the Company further reduced its participation in the Fund to 25%. The Fund was created to acquire the Company's CEZinc refinery. As a result of the transaction, the Company has accounted for its share of the Fund on an equity basis from May 2002. Under a supply agreement with the Fund, Noranda has assumed responsibility for securing the refinery's annual zinc concentrate requirements for a 15-year period at prevailing market zinc prices less a fixed processing fee of Cdn$0.352 per pound.

Aluminum

Noranda's Aluminum business is comprised of one primary smelter and four downstream fabrication plants. The group produces primary aluminum, aluminum foil and light sheet.

	2003	2002
Revenues − $ millions	688	662
Purchased raw materials − $ millions	238	241
Average fabricating spread − per pound of foil	$ 0.44	$ 0.45
Operating cash cost − per pound of aluminum	$ 0.55	$ 0.50
Income generated by operating assets − $ millions	20	34
Sales (000 tonnes)		
Primary aluminum	247	242
Aluminum foil	147	128



Noranda's aluminum operations consist of a primary aluminum reduction facility, accounting for 9% of aluminum production in the U.S., and four modern aluminum rolling mills, capable of producing a variety of foil sheets to fulfill numerous applications. During 2003, the foil operations supplied in excess of 20% of North American demand for foil sheet.

During 2003, the primary facility produced 244,044 tonnes of aluminum metal. In addition to aluminum metal for sales to customers, the primary aluminum facility adds further value to its finished products through the production of extrusion billets and aluminum rod, with both products attracting significant premiums over unprocessed metal. The primary operations currently have a seven-year contract for the supply of alumina, a key element in the manufacturing of aluminum, which presently allows Noranda to

acquire alumina at approximately 50% of current spot prices. The aluminum foil operations produced 147,000 tonnes of foil, with the largest contributor to sales represented by fin stock sales, used primarily in heat exchangers for automotive and heating, ventilation and air conditioning applications.

Revenues for the Aluminum business increased 4% year over year as the higher aluminum price and record production from both the primary and fabricating operations more than offset lower average fabrication prices from a less favourable product mix. The change in product mix was necessitated by weakness in the light foil sector. At the primary operation, value-added products accounted for approximately 67% of total production. This was reduced from 82% in 2002 reflecting the weakness in the North American manufacturing industry in the first nine months of the year. In the fourth quarter, demand for value-added products improved and higher sales volumes are expected in 2004.

Operating costs were higher in 2003 reflecting the higher production level, the increase in natural gas prices and higher terms on a new electrical power contract at the primary smelter.

Income generated by operating assets of $20 million for 2003 compares to $34 million in 2002.

For 2004, foil shipments are expected to increase by a further 20%, as the aluminum foil plant continues to ramp up its production and to increase market share within the context of a recovering North American economy.

Other Expenses

Interest expense increased to $129 million in 2003, an increase of 32% over $98 million in 2002 due to the impact of the stronger Canadian dollar on Canadian-denominated debt and associated interest costs, and higher average interest costs due to the extension of the average term of the Company's long-term debt.

Corporate and general administration costs as well as research and development costs remained relatively unchanged over 2002 levels, and are expected to decline marginally in the near term as the Company continues to pursue cost reductions.

Minority interest in earnings increased to $89 million in 2003 from $26 million in 2002 due to the higher contribution to earnings of the Nickel business unit, which is 59.2%-owned by Noranda.

Tax expense increased to $24 million in 2003 reflecting the profitability of the Company in 2003, as compared to a tax recovery of $168 million on a consolidated basis in 2002, primarily due to the tax impact of restructuring expenses incurred in 2002.

Pre-tax restructuring costs incurred and gains on sale of investments in 2003 and 2002 are as follows:

As at December 31	2003	2002
Magnesium impairment and closure costs	$ 33	$ 520
Other restructuring costs	29	41
Gain on sale of CEZ facility/investments	(38)	(63)
	$ 24	$ 498

Financial Position and Liquidity

Noranda maintains long-term credit arrangements and relationships with a variety of financial institutions and investors in order to facilitate its ongoing access to domestic and international financial markets to meet its funding requirements. Noranda's future financial requirements related to debt maturities, operating costs, the projects currently under development and other capital investments will be funded primarily from a combination of existing cash balances, committed bank lines, operating cash flows, project financing and new borrowings. The Company does not currently anticipate issuing additional common shares to meet these needs.

Working capital, excluding cash, short-term investments and short-term indebtedness, increased to $852 million from $652 million at the end of 2002. During the year, Noranda repositioned its balance sheet and operating capacity to support its strategic objective of maintaining a strong balance sheet meeting investment grade criteria. This will allow the Company to benefit more fully from improving fundamentals in the copper and nickel sectors. The repositioning plan included:

Issuing preferred and common shares for net proceeds of $99 million and $434 million in March and August, respectively; and,

Issuing 6% notes due in 2015 for gross proceeds of $350 million in September and the sale of Priority Units of the Noranda Income Fund for gross proceeds of $84 million. The Company also raised net proceeds of $250 million from its issuance of a 12-year debenture in May 2003, through a partially-owned subsidiary.

Cash and cash equivalents at December 31, 2003 totaled $501 million compared to $293 million at December 31, 2002. In addition to its cash balances, Noranda's liquidity and financial flexibility is augmented by revolving credit facilities. Committed lines of credit at December 31, 2003 totaled $1,132 million of which $68 million had been drawn or utilized. These lines of credit are primarily with various Canadian chartered banks and syndicates of U.S. and international banks. These bank facilities currently have committed terms of up to three years and are unsecured. Liquidity was further enhanced during the year with the release of corporate guarantees in the amount of $442 million following the conversion of the Antamina project's debt to a non-recourse basis.

Long-term debt, excluding the amount due in less than one year, amounted to $2,893 million at December 31, 2003 compared to $3,014 million a year earlier. The Company and its partially-owned subsidiary currently have $250 million and $600 million, respectively, available for public debt issuance under shelf prospectuses filed in September 2003

and January 2004, respectively. Noranda continues to monitor capital markets worldwide, seeking opportunities to diversify its financing sources. At December 31, 2003, Noranda's consolidated net debt-to-total-capitalization ratio was 43% compared to 54% at December 31, 2002.

Noranda's long-term public debt ratings at December 31 are noted below:

	2003	2002
Standard & Poor' s	BBB–	BBB–
Moody' s	Baa3	Baa3
Dominion Bond Rating Services	BBB	BBB

Shareholders' equity at the end of 2003 was $2.6 billion after the inclusion of common and preferred share equity issues that occurred during the year.

Cash Flows

Cash generated from operations, before net changes in non-cash working capital, totaled $577 million in 2003, up from $348 million in 2002. The increase is primarily the result of higher sales and production volumes, lower operating costs and higher metal prices, despite the adverse impact of foreign exchange rates.

Capital investments totaled $489 million in 2003 compared to $528 million in 2002. Major capital expenditures during 2003 included the expansion of the Altonorte copper smelter, the expansion and transfer of mining operations at the Collahuasi copper mine and the Kidd Creek Mine D underground extension.

Capital investments for 2004 are budgeted to be $595 million. A more detailed discussion is provided on page 21.

In 2003, Noranda's common and preferred share dividend obligations were reduced by $14 million to $123 million compared to $137 million in 2002, despite an increase in both the number and amount of common and preferred shares outstanding. The annual common share dividend was reduced from Cdn$0.80 per share to Cdn$0.48 per share to bring it into line with those of other major metal and mining companies.

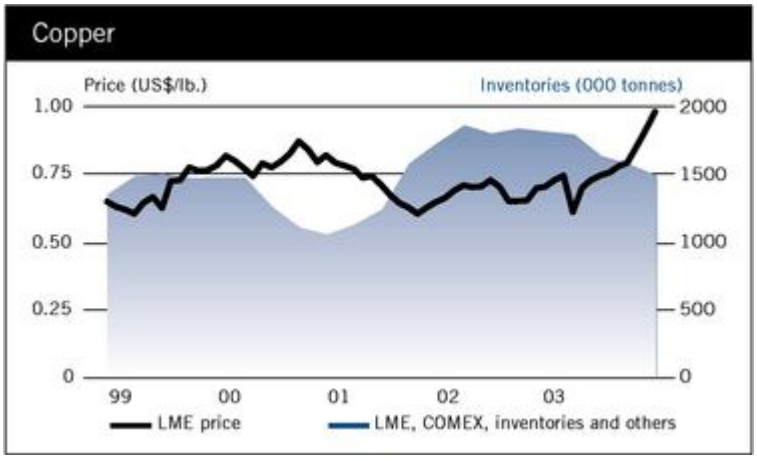
Metal Markets

Copper Market

LME copper prices traded in the $0.72 to $0.77 per pound range for the first nine months of 2003 then broke through $1.00 in December with current levels at $1.30.

Improved market sentiment was supported by mine disruptions, smelter cutbacks, strong Asian demand, and declining metal stocks. The weakening U.S. dollar has had a profound impact on U.S. dollar-based metal prices and accounted for a substantive part of the overall increase. China continues to drive global metal demand and its copper consumption for 2003 is expected to total 3.1 million tonnes, a 22% increase over 2002. Total exchange inventories dropped 464,500 tonnes to end the year at 793,000 tonnes. This was partially offset as Codelco, a major Chilean copper mining company, stockpiled approximately 200,000 tonnes of copper.

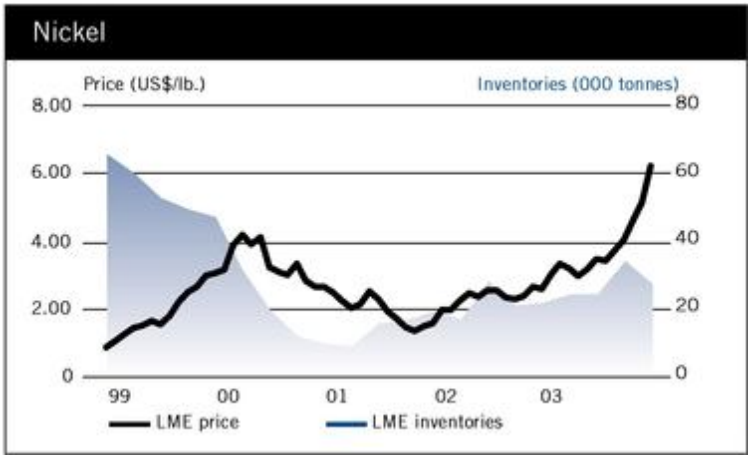
Despite the release of the Codelco stockpile and new expanded, and restarted mine production planned for the second half of the year, the overall market is expected to end in a slight deficit for another year. Continued strong demand in China and marked improvement in the U.S. economy are expected to create further upside for the copper price and premiums.



Nickel Market

In 2003, the nickel price rose from a low of $3.27 per pound at the start of the year to $7.55 per pound by year end with much of the increase occurring in the second half of the year.

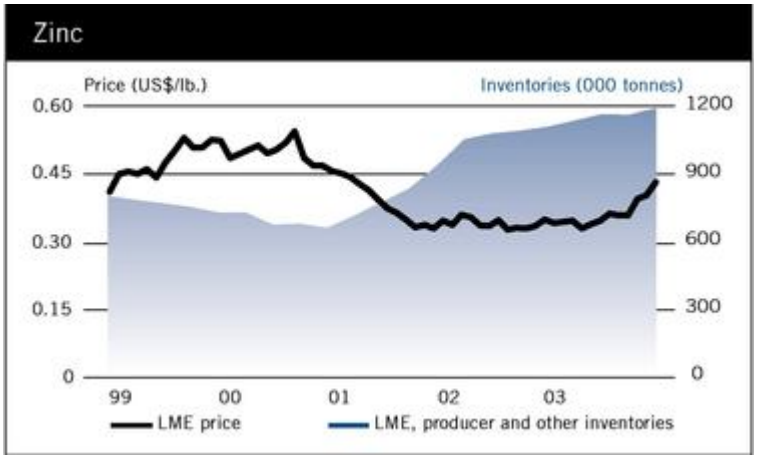
Supply-side fundamentals were the main driver behind this run-up, accentuated by the very strong demand for metals in China. In 2003, world production of nickel grew by only 1.7%, less than half the growth seen in 2002. Disruptions at producers reduced supply in the first half of the year. This was followed by a three-month strike at Inco's Sudbury operations during the summer, which removed approximately 30,000 tonnes of nickel from the market.



Consumption of nickel grew 5.9% in 2003, with one-third of the growth coming from China. Stainless steel production beat expectations for the year, growing at 6.3%, well above the trend growth rate, and almost at the high levels of the previous year. The first half of the year was particularly strong as mills in all geographic market sectors, with the exception of the U.S., produced at record levels. The second half did not have as strong a showing, as delayed global economic recovery translated into weak demand for stainless steel in the U.S. and Europe for the balance of the year. Growth in the availability of global external scrap kept pace with the growth in stainless steel production, with the net effect that stainless steel scrap availability remained tight. In the non-stainless steel sectors, electronic alloys and batteries showed some signs of recovery, but both the aerospace and land-based gas turbine markets remained weak.

When factoring in the Inco strike, the nickel market deficit increased to 56,000 tonnes. However, the release of the 60,000-tonne collateral stocks by Norilsk more than offset the deficit, creating an implied surplus of 4,000 tonnes for 2003.

The prospect of synchronized growth in the three major Western World economies (USA, Europe, Japan), together with the robust growth continuing in the non-OECD countries (China, Russia, India, Latin America), should underpin a strong pick-up in metal consumption. As a robust period of demand growth is forecast in 2004, the nickel market is expected to remain in significant deficit.



Zinc Market

Zinc prices in 2003 traded in a narrow range of $0.34 to $0.37 per pound for the first nine months, before staging a strong recovery in the fourth quarter. The LME cash settlement price climbed from $0.38 in early October to a high for the year of $0.46 on December 31 and $0.51 currently. The price improvement is partly attributable to weakness in the U.S. dollar, as well as bullish investor sentiment for an improved market outlook in 2004. LME stocks increased during the year by 89,000 tonnes to 740,400 tonnes at year end.

While global smelting capacity continues to expand, principally in China, actual refined production levels in 2003 were believed to be unchanged from 2002 levels as a result of the tight zinc concentrate supply. Low treatment charges, combined with strong domestic currencies, have forced many smelters to cut back operations or permanently close due to the poor smelting margins. Zinc demand remains very strong in China, such that China is now a net importer of zinc. Combined imports of zinc concentrates and zinc alloys exceeded metal exports, which were 15% lower year over year during the first 10 months of 2003.

During the fourth quarter, U.S. consumption improved markedly resulting in an increase in premiums in the $0.03 to $0.035 range.

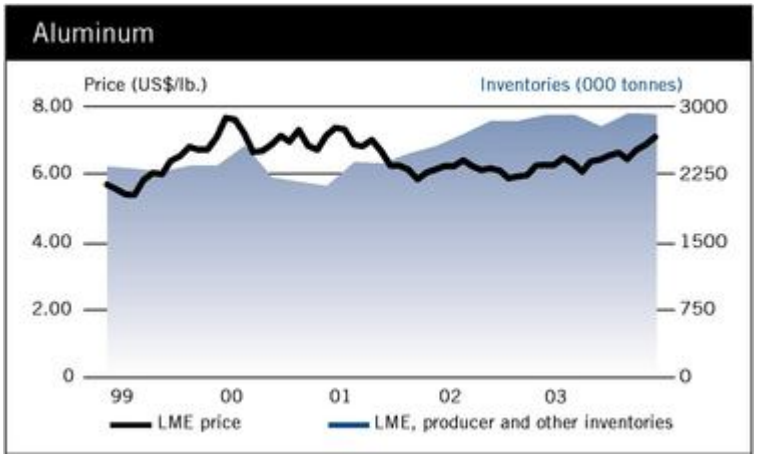
The world zinc market is estimated to have been in balance for 2003 following two years of surplus. Most analysts expect that limited mine supply growth combined with higher metal demand in Asia, the U.S. and Western Europe will result in a significant supply deficit in 2004 and higher average prices than 2003 levels.

Aluminum Market

LME cash prices for 2003 ranged from a low of $0.60 in April, to a high of $0.72, on December 31 and $0.82 currently. Despite weaker fundamentals than some other base metals, aluminum's 20% recovery from its lows in 2003 is substantial and meaningful. Continued weakening of the U.S. dollar coupled with speculative fund buying propelled the price to its highest level in 34 months in December.

The firming belief in a broad economic recovery is creating a bullish view of aluminum going into 2004. However, despite the growing optimism, issues and concerns remain. Among the issues in question is the direction of the Chinese market. Reductions in export rebates in conjunction with a substantial rise in spot alumina costs and regional power constraints could significantly impact the amount of aluminum China sends to the West, but it remains uncertain how Chinese producers and their supporters will respond to these issues.

The potential reduction of Chinese exports and the anticipated demand growth resulting from the economic recovery could lead to a more balanced market. Improving fundamentals should continue to support the price and provide the potential for further price improvement in aluminum during the coming year. The weaker U.S. dollar bodes well for American producers and fabricators exporting goods as their ability to be competitive on pricing is enhanced.



Risk Factors

Fluctuating Metal Prices

Noranda's earnings are affected by fluctuations in the prices of the metals it produces. Their prices are subject to volatile price movements over short periods of time. We generally do not hedge prices of the metals we produce. Market prices can be affected by numerous factors beyond our control, including expectations for inflation, speculative activities, relative exchange rates to the U.S. dollar, production activities of our competitors, global and regional demand and supply, political and economic conditions including availability of subsidies and tax incentives to our competitors and production costs in major producing regions. The prices for nickel, zinc, copper or other metals produced by us may decline significantly from current levels. A reduction in the prices of one or more of these metals could materially adversely affect the value and amount of our reserves and our business, financial condition, liquidity and operating results.

Mining and Processing Risks

The business of mining and processing of metals is generally subject to a number of risks and hazards, including unusual or unexpected geological conditions, ground conditions, phenomena such as inclement weather conditions, floods and earthquakes and the handling of hazardous substances and emissions of contaminants. Such risks and hazards could result in personal injury or death, damage to, or destruction of, mineral properties, processing or production facilities or the environment, monetary losses and possible legal liability. Our business, financial condition, liquidity and operating results could be materially adversely affected if any of these developments were to occur.

Although we maintain insurance which we believe is consistent with mining industry practice to the extent available to cover some of these risks and hazards, no assurance can be given that such insurance will continue to be available, or that it will be available at economically feasible premiums. Our property, business interruption and liability insurance may not provide sufficient coverage for losses related to these or other risks or hazards. In such event, our business, financial condition, liquidity and results of operations could be materially adversely affected.

Environmental Risks

Environmental legislation affects nearly all aspects of our operations worldwide. This type of legislation requires us to obtain operating licenses and imposes standards and controls on activities relating to mining, exploration, development, production, closure and the refining, distribution and marketing of copper, nickel, zinc and other metals products. Environmental assessments are required before initiating most new products or undertaking significant changes to existing operations. Compliance with environmental legislation can require significant expenditures, including expenditures for clean-up costs and damages arising out of contaminated properties. In addition to current requirements, we expect that additional environmental regulations will likely be implemented to protect the environment and quality of life, given issues of sustainable development and other

similar requirements which governmental and supragovernmental organizations and other bodies have been pursuing. Some of the issues currently under review by environmental regulatory agencies include reducing or stabilizing various emissions, including sulphur dioxide and greenhouse gas emissions, mine reclamation and restoration, and water, air and soil quality.

Canada ratified the Kyoto Protocol to the United Nations Framework Convention on Climate Change in late 2002. The protocol has not come into force but may do so in the future. Various levels of government in Canada are developing a number of policy measures in order to meet Canada's emission reduction obligations under the protocol. While the impact of the protocol and measures cannot be quantified at this time, the likely effect will be to increase costs for fossil fuels, electricity and transportation, restrict industrial emission levels, impose added costs for emissions in excess of permitted levels and increase costs for monitoring and reporting. Compliance with these initiatives could have a material adverse effect on our business, financial condition, liquidity and operating results.

Further changes in environmental laws, new information on existing environmental conditions or other events, including legal proceedings brought based upon such conditions or an inability to obtain necessary permits, could have a material adverse effect on product demand, product quality and methods of production and distribution or could require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on our business, financial condition, liquidity and operating results.

Failure to comply with environmental legislation may result in the imposition of fines and penalties, liability for clean-up costs, damages and the loss of important permits. There can be no assurance that we will at all times be in compliance with all environmental regulations or that steps required to bring us into compliance would not materially adversely affect our business, financial condition, liquidity or operating results.

In view of the uncertainties concerning future removal and site restoration costs on our properties, the ultimate costs for future removal and site restoration to us could differ from the amounts estimated. The estimate for this future liability is subject to change based on amendments to applicable laws and legislation, the nature of ongoing operations and technological innovations. Future changes, if any, due to their nature and unpredictability, could have a significant impact and would be reflected prospectively as a change in an accounting estimate. In addition, regulatory authorities in various jurisdictions around the world may require us to post financial security to secure in whole or in part future reclamation and restoration obligations in such jurisdictions. In some instances, we have already provided this security. In other instances, such security may be required to be posted upon the occurrence of certain events including if we cease to maintain a minimum investment grade credit rating, if the regulatory authority ceases to accept alternative forms of comfort to secure the obligation or as a property nears the end of its operation. Although the posting of this security does not increase the future reclamation and restoration costs (other than costs associated with posting such security), a portion of our credit may be required to back up these commitments, which could adversely affect our liquidity.

Labour Relations

Collective agreements covering our unionized employees at CEZ, Matagami, CCR (Plant workers), CCR (Security guards), Noranda Recycling − Roseville, Micro Metallics − San Jose, Nikkelverk, Collahuasi, and American Racing Equipments will expire in 2004. At Sudbury, a collective agreement was signed with the Mine, Mill and Smelter Workers Union after a three-week strike in February 2004. The collective agreement covering the Office, Clerical & Technical at Falconbridge's Sudbury Operations was renewed on February 28, 2004. Collective agreements covering our unionized hourly employees and workers at Brunswick Mine, Brunswick Smelter, Brunswick Smelter Bulk Handling, General Smelting, Horne Smelter, Kidd Metallurgical Division, Raglan Operations, Falcondo, Lomas Bayas, Altonorte, Antamina, New Madrid, and the aluminum foil operations at Newport and Salisbury are currently in place and will expire between 2005 and 2007.

Uncertainty of Reserve Estimates and Production Estimates

Our reported ore reserves as of December 31, 2003 are estimated quantities of proven and probable ore that under present and anticipated conditions can be legally and economically mined and processed by the extraction of their mineral content. We determine the amount of our ore reserves in accordance with the requirements of the applicable Canadian securities regulatory authorities and established mining standards. We do not use outside sources to verify our reserves. The volume and grade of reserves actually recovered and rates of production from our present ore reserves may be less than geological measurements of the reserves. Market price fluctuations in nickel, copper, other metals and exchange rates, and changes in operating and capital costs, may in the future render certain ore reserves uneconomic to mine. In addition, short-term operating factors relating to the mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different ore grades, may cause mineral reserves to be modified or our operations to be unprofitable in any particular fiscal period.

No assurance can be given that the indicated amount of ore will be recovered or that it will be recovered at the prices assumed by us in determining ore reserves. Ore reserve estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative of the entire orebody. As more knowledge and understanding of the orebody are obtained, the reserve estimates may change significantly, either positively or negatively.

We prepare estimates of future production for particular operations. These production estimates are based on, among other things, reserve estimates; assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; and estimated rates and costs of mining and processing. Our actual production may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, floods, and earthquakes; and unexpected labour shortages or strikes. No assurance can be given that production estimates will be achieved. Failure to achieve production estimates could have a material adverse impact on our future cash flows, earnings, results of operations and financial condition.

Exchange Rate Fluctuations

Fluctuations in currency exchange rates, principally the Canadian/U.S. dollar exchange rate and, to a lesser extent, Chilean Pesos, Norwegian Kroner and Euros exchange rates against the U.S. dollar, can significantly impact our earnings and cash flows. These exchange rates have varied substantially over time, including over the last five years. Most of our revenues and debt are denominated in U.S. dollars, whereas most of the operating costs at our Canadian sites are incurred in Canadian dollars and Nikkelverk's costs are incurred in Norwegian kroner. Effective July 1, 2003 we are reporting our financial results in U.S. dollars. Fluctuations in exchange rates between the U.S. dollar and the Canadian dollar and between the U.S. dollar and other currencies may give rise to foreign currency exposure, either favourable or unfavourable, which may in the future materially impact our financial results. We, from time to time, may hedge a portion of our currency requirements to limit any adverse effect of exchange rate fluctuations with respect to our costs, but there can be no assurance that such hedges will eliminate the potential material adverse effect of such fluctuations.

Interest Rate and Counterparty Risk

Our exposure to changes in interest rates results from investing and borrowing activities undertaken to manage our liquidity and capital requirements. We have entered into interest rate swap agreements to manage the interest rate risk associated with a portion of our fixed-rate debt. The interest rate swap changes our exposure to interest risk by effectively converting a portion of our fixed-rate debt to a floating rate. We may elect in the future to enter into interest rate swaps to effectively convert floating-rate debt to fixed-rate debt and enter into additional fixed-rate to floating-rate swaps. There can be no assurance that we will not be materially adversely affected by interest rate changes in the future, notwithstanding our use of interest rate swaps.

In addition, our interest rate swaps, metals hedging and foreign currency and energy risk management activities expose us to the risk of default by the counterparties to such arrangements. Any such default could have a material adverse effect on our business, financial condition and results of operations.

Energy Supply and Prices

Our operations and facilities are intensive users of natural gas, electricity and oil. Procurement of these types of energy can be affected by numerous factors beyond our control, including global and regional supply and demand, political and economic conditions and problems related to local production and delivery conditions. Our supply contracts typically provide that suppliers may be released from their delivery obligations to us if certain "force majeure" events occur. Our business operations could be adversely affected, including loss of production and damage to our plants and equipment, if, even temporarily, the supply of energy to one or more of our facilities was interrupted.

A prolonged shortage of supply of energy used in our operations could materially adversely affect our business, financial condition, liquidity and results of operations. As a significant portion of our costs relate to energy consumption, our earnings are directly related to fluctuations in the cost of natural gas, electricity and oil. Energy prices can be affected by numerous factors beyond our control, including global and regional demand and supply, and applicable regulatory regimes. The prices for various sources of energy we use may increase significantly from current levels. An increase in energy prices could materially adversely affect our business, financial condition, liquidity and operating results.

Foreign Operations

Some of our activities and related assets are located in countries outside North America, some of which may be considered to be, or may become, politically or economically unstable. Exploration or development activities in such countries may require protracted negotiations with host governments, international organizations and other third parties, including non-governmental organizations, and are frequently subject to economic and political considerations, such as taxation, nationalization, inflation, currency fluctuations and governmental regulation and approval requirements, which could adversely affect the economics of projects. These projects and investments could be adversely affected by war, civil disturbances and activities of foreign governments which limit or disrupt markets, restrict the movement of funds or supplies or result in the restriction of contractual rights or the taking of property without fair compensation.

We perform a thorough risk assessment on a country-by-country basis when considering foreign activities and attempt to conduct our business and financial affairs so as to protect against political, legal, regulatory and economic risks applicable to operations in the various countries where we operate, but there can be no assurance that we will be successful in so protecting ourself. These projects and investments could also be adversely affected by changes in Canadian laws and regulations relating to foreign trade, investment and taxation.

Market Access

Global and regional demand for metals is influenced by regulatory and voluntary initiatives to restrict or eliminate the use of certain metals in particular products or applications. Impacts of such measures can be global, creating non-tariff barriers to international trade and affecting product design and specifications on a global basis. Such measures could affect the balance between supply and demand and depress metal prices and treatment/refining charges. Metals with a limited number of major applications are most susceptible to changes in demand and price in response to such measures.

Production Technology

We believe that the technology we use to produce and process metals is significantly advanced and, in part due to high investment costs, subject only to slow technological change. However, there can be no assurance that more economical production or processing technology will not be developed or that the economic conditions in which current technology is applied will not change.

Legal Proceedings

The nature of our business subjects us to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of our business. The results of these legal proceedings cannot be predicted with certainty. There can be no assurance that these matters will not have a material adverse effect on our results of operations in any future period, and a substantial judgment could have a material adverse impact on our business, financial condition, liquidity and results of operations.

Sulphuric Acid

Sulphur dioxide is a by-product from the smelting of copper, zinc, nickel and lead sulphide concentrates. We process sulphur dioxide into sulphuric acid to meet our environmental commitments. Due to increasingly strict environmental standards worldwide for sulphur dioxide emissions, involuntary production of sulphuric acid by smelters is growing. The balance of world acid production is largely based on elemental sulphur, whose supply is now a by-product of oil and gas production, and growing more rapidly than demand. Long term, these factors may make it more difficult for us to obtain satisfactory prices for our sulphuric acid. However, our production of sulphuric acid cannot be reduced in response to low prices, or dropping sales volumes, without a corresponding reduction in our production of metals.

Raw Material Procurement Risks

Procurement of raw materials involves the risks typically connected with commercial transactions, which can include trade barriers, political instability and problems due to local production conditions. In addition, our supply contracts provide that suppliers of concentrate may be released from their delivery obligations to us if certain "force majeure" events occur. Our business operations could be adversely affected, at least temporarily, if supplies of raw materials are interrupted as a result of the imposition of trade barriers or other events and if we are unable, on short notice, to shift to alternative sources of supply. We also process copper scrap, the availability of which in past years has been subject to significant fluctuations and the supply of which has been declining since the mid-1990s. The availability of scrap, blister copper and other material we process can be significantly affected by fluctuations in prices.

EXHIBIT 3

CONSENT OF INDEPENDENT CHARTERED ACCOUNTANTS

We consent to the incorporation by reference in this Annual Report (Form 40-F) of Noranda Inc. of our report dated February 9, 2004 with respect to the consolidated financial statements of Noranda Inc. incorporated by reference therein.

We also consent to the incorporation by reference in the Registration Statement (Form F-9 No. 333-108720) pertaining to U.S. $600 million aggregate principal amount of Debt Securities and the Registration Statement (Form S-8 Nos. 333-13582 and 333-113725) pertaining to Noranda Inc.'s Stock Option Plans of our report dated February 9, 2004 with respect to the consolidated financial statements of Noranda Inc. incorporated by reference in the Annual Report (Form 40-F) for the year ended December 31, 2003.

Toronto, Canada,
February 9, 2004.

(signed) **ERNST & YOUNG LLP**
Chartered Accountants

QuickLinks

EXHIBIT 4

Certification

I, Derek Pannell, Chief Executive Officer of Noranda Inc., certify that:

1. I have reviewed this annual report on Form 40-F of Noranda Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

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a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal controls over financial reporting.

Date: May 17, 2004

/s/ DEREK PANNELL

By: Derek Pannell
Chief Executive Officer

EXHIBIT 5

Certification

I, Steven Douglas, Chief Financial Officer of Noranda Inc., certify that:

1. I have reviewed this annual report on Form 40-F of Noranda Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

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a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal controls over financial reporting.

Date: May 17, 2004

/s/ STEVEN DOUGLAS

By: Steven Douglas
Chief Financial Officer

EXHIBIT 6

Certification of Derek Pannell, Chief Executive Officer

In connection with the Annual Report of Noranda Inc. (the "Company") on Form 40-F for the fiscal year ended December 31, 2003 (the "Report"), I, Derek Pannell, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 17, 2004

/s/ DEREK PANNELL

By: Derek Pannell
Chief Executive Officer

EXHIBIT 7

Certification of Steven Douglas, Chief Financial Officer

In connection with the Annual Report of Noranda Inc. (the "Company") on Form 40-F for the fiscal year ended December 31, 2003 (the "Report"), I, Steven Douglas, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 17, 2004

/s/ STEVEN DOUGLAS

By: Steven Douglas
Chief Financial Officer