

INCO LIMITED AND ITS SUBSIDIARIES AND AFFILIATES

COMBINED CONFLICTS OF INTEREST AND BUSINESS CONDUCT GUIDELINES

July 2005

The following Combined Conflicts of Interest and Business Conduct Guidelines (the “Guidelines”) are intended to set forth guidelines and procedures to be followed by all directors, officers, employees and certain other representatives of Inco Limited (“Inco”) and its subsidiaries and Affiliates (as defined below) (the “Company”) in their dealings with other employees, shareholders, suppliers, customers and competitors, as well as persons or business concerns which are affected by any of the operations or activities of the Company.

These Guidelines contain two parts: Part A, our Conflicts of Interest Guidelines, and Part B, our Guidelines on Business Conduct. These Guidelines are intended to reflect and uphold the high standards of conduct which the Company has traditionally required of all of its employees and certain other parties.

For purposes of these Guidelines, the term “Affiliate” means those corporations or any other type or form of business enterprise in which the Company, or another business entity, as the case may be, has directly or indirectly (a) a substantial equity interest or (b) the power to direct the policies or management either through representation on its board of directors or other body that directs or oversees the business or affairs of any such enterprise or through a major contract or otherwise.

In order to help ensure ongoing compliance with these Guidelines, all directors, officers and certain employees and representatives of the Company may be asked to execute a certificate and/or complete a survey and related set of questions on an annual basis. When requested, these documents will usually cover the period from January 1 of the current year to the date of the requested certificate or survey. Any director, officer, employee or representative of the Company receiving a copy of these Guidelines who has any questions as to whether a breach of these Guidelines has been properly reported should consult with the Office of the General Counsel of Inco.

Part A. Conflicts of Interest Guidelines

The Company's basic guideline on conflicts of interest is that, although employees are entitled to privacy in their personal affairs, every employee has a duty to be free of those outside interests, activities and influences which might:

- (a) impair the exercise of an employee's independent judgment, fiduciary responsibility, initiative, or efficiency in acting for or on behalf of the Company; or
- (b) expose an employee or the Company to legal liability or public criticism; or

- (c) otherwise be harmful or detrimental to any of the operations or activities, or the reputation, of the Company.

The following are examples of the types of situations which indicate conflicts of interest, or the appearance of conflicts of interest, which directors, officers and employees of the Company should avoid unless prior written approval is obtained from the Chief Executive Officer of Inco. Any request for such approval should be submitted to the Office of the General Counsel of Inco in Toronto. These examples are intended to be illustrative and should not be considered to represent an all-inclusive list. We encourage directors, officers and employees to contact the Office of the General Counsel of Inco if you have any questions in terms of situations that might be covered by these Guidelines.

1. Involvement with Suppliers and Certain other Parties

Involvement of a director, officer or employee, or any member of his or her immediate family (as defined below), with a supplier, contractor, customer, competitor, joint venture partner, service provider or other business entity dealing with the Company, such as:

- (a) acquisition of a significant interest in any supplier, contractor, customer or other business entity that deals with the Company. A “significant” interest normally would be one which (1) exceeds 10% of the employee's total investment in securities, excluding holdings in any of Inco’s securities; (2) exceeds Cdn. \$25,000 (or the equivalent in any other currency); or (3) represents more than 1% of the outstanding securities of the same class of securities of any such entity acquired. Even though an employee may not have a “significant” interest in any such supplier, contractor, customer or any other such business entities, any interest in securities of any such entities should be limited in any situation to those securities of such entities which are listed and traded on a regular basis on a recognized securities exchange such as the Toronto or New York Stock Exchange, or those securities which are publicly traded such as being customarily bought and sold on a regulated, recognized over-the-counter market; or
- (b) holding a partnership interest or having a profit-sharing or incentive arrangement, creditor-debtor relationship or similar economic or financial involvement with any such supplier, contractor, customer or other business entity dealing with the Company; or
- (c) serving in any capacity (such as an agent, representative, consultant, director, officer or employee) for or on behalf of a supplier, contractor, customer or other business entity dealing with the Company; or
- (d) acceptance of a loan, advance, or other benefit from a supplier, contractor, customer or other business entity dealing with the Company, other than loans or advances from recognized banks or other lending institutions provided on an arms-length commercial basis; or
- (e) acceptance or receipt of any gift of more than nominal value from, or lavish, excessive or otherwise inappropriate entertainment provided or arranged by, any

such supplier, contractor, customer or other business entity dealing with the Company.

For purposes of these Guidelines, an immediate family member shall include a director's, officer's or employee's spouse (including a common law spouse), parents, children, siblings, mother(s)-in-law, father(s)-in-law, son(s)-in-law, daughter(s)-in-law, brother(s)-in-law, sister(s)-in-law, and any other person (other than the particular director, officer or employee or a household employee) who shares the employee's home or residence.

2. Use of Confidential or Proprietary Information and Trading in Company Securities

Employees are encouraged to invest in the Company's securities. Employees or members of an employee's immediate family, however, should avoid any activities such as the following which involve or suggest the personal use or misuse, or the disclosure to others, of confidential or proprietary information of, concerning, or relating to, the Company:

- (a) Buying or selling securities of the Company when in possession of material, non-public information in any way concerning or relating to the Company. Examples of material, non-public information concerning or relating to the Company would be a major mineral discovery, change in dividend policy, any change, whether positive or negative, in expected or projected production, estimated ore/mineral reserves or resources, revenues, costs or expenses, cash flow or earnings, a stock split, a possible merger or acquisition or other similar transaction, a change in how our products are priced or marketed, a technical advance of potential significance from a financial or economic standpoint, a major accounting change or charge, or any other information, whether favorable or unfavorable, which has not been generally disclosed to the investing public and which, when disclosed, could have more than a de minimus effect on the price of any of the publicly traded outstanding securities of the Company;
- (b) Disclosure of confidential or proprietary information of or relating to the Company except to persons who are authorized to receive such information and where such disclosure is in the regular course of any employee's normal duties or responsibilities as part of his or her employment;
- (c) recommending or expressing an opinion as to the buying, selling or holding of any of the outstanding securities of the Company; or
- (d) speculating in any of the outstanding securities of the Company, or any metals produced by the Company, or in options or similar instruments to buy or sell such securities or metals, or any other similar financial instruments relating to any of the outstanding securities of the Company which are generally referred to as derivatives, or selling any such securities short; or generally trading in any of the outstanding securities of the Company for short-term profit, as distinguished from purchasing and selling securities as part of a long-term investment program.

3. Personal Use of Company Information and Business Opportunities

An employee or any member of the employee's immediate family (as defined above) should not use the employee's position with the Company for any personal gain or for the benefit of any outside party, such as:

- (a) any personal use of information to which an employee has access by reason of his or her employment with the Company; or
- (b) personal use of any "business opportunity" in which the Company is or may be interested; or
- (c) speculation in nickel or copper ores, nickel or copper metal or other nickel - or copper - containing products; accordingly, trading in nickel or copper contracts on the London Metal Exchange or any other recognized metal exchange or otherwise is strictly prohibited; or
- (d) speculation in ores, metals or other products or commodities of the type produced or traded by the Company, where such speculation involves the personal use by the employee of information to which an employee has access by reason of his or her employment with the Company, including information where the Company's production of or trading in such ores, metals or other products or commodities could have a significant impact on the market for such products or commodities; or
- (e) dealing in any property or interest, the value of which will or may be affected by any known, probable or possible action of the Company. An employee should, accordingly, refrain from purchasing or participating in the acquisition and sale of any land containing mineral deposits or subject to mineral leases or similar rights, or any other form of trading activities involving mineral properties, rights or interests if the value of any such property, right or interest would likely be affected by any known, probable or possible action of the Company. It is not, however, the purpose of these Guidelines to preclude employees from holding property or other rights or interests acquired by inheritance, or from investing for profit in real estate which may only incidentally involve mineral property, rights or interests, provided that such activities do not violate the spirit of this policy.

4. Gifts

Although the Company does not wish to interfere with the exchange between an employee and others of the usual social amenities or courtesies, an employee should avoid the acceptance by himself/herself or by any member of his or her immediate family (as defined above) of any gift or other favour (such as entertainment, receiving services for less than full value or other types of special treatment extended because of the employee's position with the Company) under circumstances where the receipt of such gift or other favour might reasonably be interpreted by others to influence the judgment or actions of such employee in the conduct of the Company's business or where such receipt might reasonably be interpreted by others so as to bring discredit on the employee or the Company.

5. Political, Charitable and Other Public Activities and Business Affiliations

In general, it is not expected that a conflict of interest will arise from an employee's affiliation with outside professional, political, civic or charitable organizations, or, if approved by the Company, from directorships or trusteeships in business enterprises unrelated to the Company. Any request for such approval of such positions or activities should be submitted to the Office of the General Counsel of Inco. An employee should disclose to the Company, through communication with the Office of the General Counsel of Inco, such activities in those cases where the employee has reason to believe that an invitation to serve in any such organizations or enterprises was extended primarily because of the employee's relationship with the Company or any enterprise having business dealings or otherwise associated with the Company or where there is an implication of Company interest or responsibility. Employees who are asked by the Company to serve in any organization or enterprise as a representative for Inco should not accept compensation of any kind from that organization or enterprise and in the event an employee receives any form of compensation from such an organization or enterprise, such compensation should be disclosed to the Company and, upon request, paid over to the Company. In order to avoid any implication of Company interest in or responsibility for or relating to any such organization or enterprise, it is also important that, unless approved by management, an employee refrain from using the Company's name or Company premises for charitable, political or any other purposes outside the employee's normal duties and responsibilities with the Company. The Company's name should not be used without prior approval in any published article or as part of an employee's public appearances.

The employee's duty to remain free of conflicts of interest is a continuing obligation. It must be recognized that interests or relationships which were unquestionably free of any source of potential conflict at one time may become sources of potential conflict as a result of changes in the operations or interests of the Company or as a result of changes completely independent of the Company.

If there is any aspect of these Guidelines where an employee now or at any time wants clarification, it should be referred to the Office of the General Counsel of Inco for consideration and clarification.

Part B. Guidelines On Business Conduct

The basic principles in these Guidelines are to guide dealings by the Company with all our constituencies, particularly our customers and suppliers, and the communities and governments in the countries where we have operations or otherwise do business.

Management employees receiving these Guidelines are to ensure that they are, in turn, communicated to all those employees reporting to them who could be faced with a situation covered hereby. It is the responsibility of each such employee to assure compliance with these Guidelines. In addition, management employees have a continuing responsibility to review full compliance with these Guidelines.

Our employees are assured that continued strict observance of these standards, even at the risk of adverse business consequences, will be supported by the senior management of the Company. Deviation from them, on the other hand, will be grounds for appropriate disciplinary

or other action, which action may include termination of employment and referral of such conduct to law enforcement authorities.

If the following Guidelines do not cover a particular situation, such as where the application of a local law or regulation is difficult to interpret, or a circumstance where the proper course of ethical conduct is unclear, the Office of the General Counsel of Inco, either directly or through the legal office of the local business unit, is to be consulted. If a situation should arise where there is insufficient time for such consultation, the particular problem is to be handled in such a manner that those involved would not be hesitant to have the full facts publicly disclosed.

1. General Policy of Adherence to Ethical Standards

Employees and certain other representatives of the Company are to act in accordance with the highest standards of fairness, integrity and equity.

2. General Policy of Adherence to Law

Employees and certain other representatives of the Company are to act in accordance with the laws of the jurisdictions in which our business is conducted, including, but not limited to, all applicable securities and human rights laws. It is recognized that employees in some countries may be subjected to local pressures to engage in unlawful conduct, but the interests of the Company will be served best in the long run if such pressures are resisted.

While illegal conduct can take many forms, two types are worthy of special mention.

(a) Political Contributions

In jurisdictions where corporate political contributions are prohibited by law, no Company assets are to be used in any manner, directly or indirectly, for such purposes and no indirect assistance or support through the direct or indirect use of Company assets or other resources is to be given (except as expressly permitted by applicable law and regulations). In countries where corporate political contributions are lawful, they may be made only where specifically authorized by the Chief Executive Officer of Inco (or his or her designee). Where a lawful political contribution has been specifically authorized, it must be accurately and fairly reflected as such on the Company's books, records and accounts. In no event may any political contribution be made to influence any act or decision relating to the Company's business, to affect the enactment or enforcement of any applicable laws or regulations or to secure any other improper advantage in order to assist the Company in obtaining or retaining business for or with, or directing business to, any person.

(b) Unlawful or Improper Payments

No unlawful, corrupt or otherwise improper payment is to be made, offered, promised or authorized, either directly or indirectly, to influence any act or decision relating to the Company's business, to affect the enactment or enforcement of any applicable laws or regulations or to secure any other improper advantage in order to assist the Company in obtaining or retaining business for or with, or directing business to, any person. No employee of the Company is to make, offer, promise or authorize an unlawful or otherwise corrupt gift or any other form of unlawful or improper payment - for example, a bribe, payoff, rebate or kickback - for any of the foregoing purposes. No employee of the Company is to pay or approve the

payment of any commission, fee or anything else of value to any agent, consultant or other person while knowing or having reason to know that all or a portion thereof is to be offered, given or promised as a bribe, payoff, rebate or kickback or other improper payment for any of the foregoing purposes. These policies are intended to prohibit such payments, gifts or arrangements to or with any public or private individuals, including officials, employees and representatives of political bodies, governments and their branches and agencies, political parties or officials thereof and candidates for political office, private corporations and non-governmental or other organizations doing business or otherwise having dealings with the Company.

3. Facilitating Payments

In a few countries, minor government employees whose duties are essentially administrative or clerical in nature may demand small "facilitating" payments for performing or expediting routine governmental functions they are in any event required to perform. Examples might include requests for "processing fees" not required by law with regard to the issuance of visas or customs and other routine approvals. In these locations such conduct, even though unlawful or of doubtful legality, may not only be customary but may be part of the locally understood and accepted compensation arrangements for minor government positions or posts. These situations should be distinguished from situations where the Company makes payments not in violation of local law to a government agency for government services, such as security services, which are not intended to be prohibited by these Guidelines.

As a matter of policy, the Company is opposed to the making of facilitating payments and will take steps wherever possible to minimize or eliminate such payments. In no event, however, are they to be made unless they are clearly necessary to the Company's essential business needs. No facilitating payment is to be made unless it has been authorized by the senior officer in the country concerned and the Comptroller of Inco and properly documented in the accounts of the Company. The payment can only be made outside Canada and the United States and may not be made for corrupt motives, i.e., with the intent to induce the recipient to misuse his official position, and may only be made if the amounts are reasonable in relation to the services performed, receipts are obtained wherever practicable and the country manager submits at least quarterly to the Comptroller of Inco a listing of these types of payments detailed as to payee, amount and purpose. In no event may any such payment be made in order to assist the Company in obtaining or retaining business for or with, or directing business to, any person.

4. Selection of Suppliers, Consultants and Other Third Parties

Employees are also required to use special care in retaining suppliers, consultants and other third parties since the actions of such persons in violation of these Guidelines can cause embarrassment and bring about legal liability to the Company and its employees. Only qualified and reputable individuals and firms should be contacted and retained and the compensation to be provided to them by the Company must be reasonable in light of the services they are to provide. Employees should ensure that such persons are aware of, and agree to abide by, these Guidelines.

5. Entertainment, Gifts and Social Amenities

Under no circumstances shall the Company's relations with government officials and employees and representatives of political parties or candidates for political office be conducted

in any manner which would subject the Company to embarrassment or reproach if publicly disclosed. No gifts of substantial value shall be offered or made, and no lavish, extravagant or otherwise inappropriate entertainment offered or furnished, to any public or private individuals, including officials, employees and representatives of political bodies, governments and their branches and agencies, political parties or officials thereof and candidates for political office, private corporations and non-governmental or any other types of organizations doing business or otherwise having dealings with the Company. Social amenities, reasonable entertainment and other courtesies may be extended to government officials or employees and representatives of political parties or candidates for political office only to the extent clearly lawful and appropriate under applicable laws, regulations, customs and practices. Visits to Company facilities, at the Company's expense, appropriately authorized and documented, should not be restricted by this paragraph. Any expenses incurred by a Company employee for any such purposes shall be specifically designated as such to the employee's immediate supervisor and properly documented. These procedures are in addition to any which may otherwise be required by these Guidelines or under separate Company guidelines or procedures.

6. Proper Accounting

The Company's books, records and accounts are to reflect accurately and fairly, in reasonable detail, all transactions and acquisitions and dispositions of assets in accordance with the highest standards of integrity and applicable generally accepted accounting principles. No person shall directly or indirectly falsify, or cause to be falsified, any of the Company's books, records or accounts.

There are to be no cash funds, bank accounts, investments or other assets which are either not recorded or are inadequately recorded on the books of the Company. The Company shall not maintain an unidentified account at any bank or other financial institution.

The use of "false invoices" or other misleading documentation, and the making of fictitious entries for any purpose whether regarding sales, purchases or any other Company activity, are prohibited. No employee shall make or cause to be made a false or misleading statement (or fail to state a fact necessary to make another statement not misleading) to any internal or independent/external auditor of the Company in connection with the preparation, audit or examination of any financial statements or otherwise.

No payment made or to be made shall be approved without adequate supporting documentation or with the intention or understanding that such payment (or any portion thereof) is for any purpose other than that described in such supporting documentation. No payments are to be made, directly or indirectly, in cash other than: (i) regular, approved cash payrolls, (ii) normal disbursements from petty cash accounts which are supported by signed receipts or other appropriate documentation, and (iii) disbursements for necessary business purposes in those countries where payments by cash rather than by check are customary and therefore required in the regular conduct of business.

Since payments into unidentified bank or similar accounts may give rise to suspicion that the Company is participating in an improper transaction, no payments of any nature are to be made into unidentified bank accounts or other accounts which are not clearly or completely identified as to their ownership.

7. Third Country Payments

Customers and distributors have sometimes requested that their regular commissions or service fees be remitted to third persons or bank accounts in third countries. Such payments will continue to be made only under the following conditions: (i) the amount payable does not arise from artificial additions to normal selling prices, (ii) payment is authorized in writing by the company or person earning the commission or fee, (iii) payment is made to the same entity to which it is owed or to an Affiliate under common ownership, and (iv) payment will not cause the Company to violate applicable law.
