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NORANDA INCOME FUND REPORTS THIRD QUARTER RESULTS

Valleyfield, Québec, November 9, 2009 – The Noranda Income Fund (the "Fund") (TSX: NIF.UN) reported a net loss of $(1.3) million for the third quarter of 2009, compared to net earnings of $10.2 million in the same quarter a year ago.

"In the third quarter of 2009, the Fund saw an improvement in zinc, sulphuric acid and copper fundamentals over the previous quarter. Increased orders from both spot and contract customers translated into higher zinc metal sales and higher realized sulphuric acid netbacks; copper prices were also 25% higher than in the second quarter of 2009. The plant operated at 80% capacity during the quarter and this negatively impacted third quarter profitability and cash flow," said Mario Chapados, President and Chief Executive Officer of the Noranda Income Fund's Manager.

At the beginning of October, the plant returned to full capacity. In addition, the Fund has secured the required lender support from the Revolving Facility syndicate to amend the Revolving Facility. With the plant now operating at full capacity and with the amendment, the risk of breaching the Leverage ratio has been significantly reduced.

Going forward, the Fund still faces some challenges, such as low zinc premiums and a stronger Canadian dollar. The Fund is also preparing to renew its debt in 2010. The return to full capacity should support discussions on the debt refinancing.

The Board of Trustees will continue to assess these factors as they consider any change to the current monthly distribution policy. At this point in time, the monthly cash distribution remains suspended.

Outlook

Recent leading indicators, such as the ISM Purchasing Managers survey, point to the start of an economic recovery in the North American and global economy. This has been confirmed with a significant improvement in the demand and the prices for our products. Part of the rebound has been due to the impact of government programs such as the Cash for Clunkers car trade-in incentives. In addition, the supply pipeline is restocking after having been virtually depleted during the first half of the year. The steel industry, which is the major consumer of zinc in the US, has seen a steady improvement in operating rates. While some short-term weakness may occur at year-end, our customers are cautiously optimistic for moderate growth during 2010. Sulphuric acid demand continues to be supported by improved contract and spot sales and by the strike at Vale Inco's Sudbury operations.

Conference Call

The Noranda Income Fund will host an Investor Conference Call to discuss its Q3/2009 financial results at 08:00 AM Eastern time on Tuesday, November 10, 2009. For those preferring to listen by phone, please dial 416-340-8018 or toll free 1-866-223-7781. A live audio webcast of the conference call, together with supporting presentation slides, will be available on our website at www.norandaincomefund.com.

A recording of the webcast will be available at 416-695-5800 or toll free at 1-800-408-3053 with the pass code of 2287 087# until midnight on November 24, 2009.

Financial Results

This press release of the financial position and results of operations of the Fund should be read in conjunction with the unaudited consolidated interim financial statements of the Fund for the three and nine months ended September 30, 2009 and with the audited consolidated financial statements of the Fund and the notes thereto for the period ended December 31, 2008. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

This press release is based on various assumptions (see "Forward-looking Information" below.) All dollar amounts are shown in Canadian dollars unless otherwise specified. The press release has been prepared as of November 9, 2009. Additional information relating to the Fund, including the Fund's annual information form is available on SEDAR at www.sedar.com.

Q3 2009 Highlights

	Third Quarter		**Year-to-date**	
	2009	**2008**	**2009**	**2008**
Zinc metal production (tonnes)	51,871	63,676	163,013	195,091
Zinc metal sales (tonnes)	65,793	65,459	178,632	201,463
Processing fee (cents/pound)	38.0	37.5	38.0	37.5
Zinc metal premiums (US$/pound)	0.038	0.060	0.035	0.063
Byproduct revenues ($ millions)	6.6	10.7	21.0	36.1
Average US/Cdn. exchange rate	1.097	1.042	1.170	1.019

- Sulphuric acid netbacks recovered to US$32 per tonne from the low level of US$3 per tonne in the second quarter.
- The Fund completed the expansion of zinc slab production capacity.
- Finished inventory was reduced by almost 14,000 tonnes due to improved customer orders and increased production flexibility resulting from the slab capacity expansion.
- On September 28, 2009 market conditions for sulphuric acid had improved to

enable the plant to return to full capacity by the beginning of October.
- The Fund has secured the required lender support from the Revolving Facility syndicate to amend the Revolving Facility.

RESULTS OF OPERATIONS

Consolidated Net Earnings (Third quarter 2009 compared to third quarter 2008)
Revenues less raw material purchase costs ("Net Revenues") in the third quarter of 2009 were $56.1 million, compared to $75.8 million in the same quarter of 2008. The $19.7 million decrease was due to lower premiums, recoveries and byproduct revenues partially offset by a weaker Canadian dollar.

Production Cost Breakdown

($ millions)	Third Quarter 2009	Third Quarter 2008	Increase/ (Decrease)
Labour	12.6	15.1	(2.5)
Energy	12.2	14.9	(2.7)
Operating supplies	7.8	9.3	(1.5)
Other	3.5	3.3	0.2
Production cost before changes in inventory	36.1	42.6	(6.5)
Change in inventory	8.7	1.4	7.3
	44.8	44.0	0.8

Production costs in the third quarter of 2009 were $44.8 million, compared to $44.0 million recorded in the third quarter of 2008. Production during the quarter ran at 80% of the 2008 level, resulting in lower energy and operating supplies costs. During the quarter Hydro-Québec reduced certain electricity costs to industrial users as a result of the recession, and this resulted in a $0.8 million saving in our energy costs. Labour costs were reduced as a result of the initiatives introduced in March to cut manpower costs. The $7.3 million increase from the change in inventory resulted from the significant drawdown in finished zinc metal inventory in the third quarter of 2009.

Selling, general and administration costs in the third quarter of 2009 were $3.8 million, compared to $4.6 million in the same period of 2008 due to cost reduction measures that were undertaken during the quarter.

The foreign exchange gain for the third quarter of 2009 was $6.7 million, compared to a loss of $2.9 million in the third quarter of 2008. The foreign exchange gain was a result of a strengthening Canadian dollar against the US dollar on the Fund's net monetary liabilities. The foreign exchange gain was offset by a decrease in the value of in-process and finished inventory. The decrease in the value of inventory is realized in Net Revenues as the metal is sold to customers (thereby decreasing the Net Revenue recorded by the Fund). The Fund maintains cash and cash equivalents, accounts receivable and accounts payable and debt in US dollars.

In the third quarter of 2009, the commodity hedging loss was $0.1 million and the commodity financial instruments loss was $2.7 million. In the third quarter of 2008, the commodity hedging loss was $0.1 million and the commodity financial instruments gain was $1.4 million. During the period, the change in the market value of the Fund's financial instruments resulted in these amounts being recorded.

In the third quarter of 2009, amortization was $10.4 million compared to $8.3 million in the third quarter of 2008. The increase was due to the significant drawdown in zinc metal inventory during the third quarter of 2009, as amortization that was previously recorded in inventory was realized upon the sale of the zinc metal.

The reclamation expense for the three months ended September 30, 2009 was $0.2 million compared to $0.3 million in the same period of 2008.

In third quarter of 2009, net interest expense was $2.5 million compared to $3.4 million in the third quarter of 2008. The decrease in interest expense was due to lower average outstanding debt and variable interest rates during the third quarter of 2009 compared to the third quarter of 2008.

Minority interest in earnings of subsidiaries in the third quarter of 2009 was a credit of $0.4 million, down from an expense of $3.4 million in the third quarter of 2008. The decline was due to the Fund’s lower earnings in 2009.

Consolidated Net Earnings (Nine months 2009 compared to nine months of 2008)
The net loss for the first nine months of 2009 totalled $4.7 million, compared to net earnings of $20.1 million for the same period in 2008. The $24.8 million decrease was mainly due to lower production, sales, byproduct revenues and premiums, partially offset by lower interest expense, reclamation recovery and a weaker Canadian dollar.

Net Revenues the first nine months of 2009 were $154.6 million, compared to $220.0 million in the first nine months of 2008. The $65.4 million decrease was due to lower sales volumes, byproduct revenues, and premiums, partially offset by the impact of a weaker Canadian dollar.

Production Cost Breakdown

($ millions)	Year-to-date 2009	2008	Increase/ (Decrease)
Labour	41.4	47.4	(6.0)
Energy	42.0	47.3	(5.3)
Operating supplies	23.8	26.9	(3.1)
Other	9.8	10.4	(0.6)
Production cost before changes in inventory	117.0	132.0	(15.0)
Change in inventory	7.5	5.1	2.4
	124.5	137.1	(12.6)

Production costs the first nine months of 2009 were $124.5 million, $12.6 million lower than the $137.1 million recorded in the same period of 2008. Production in 2009 ran at 80% of the 2008 level from March until the end of September, resulting in lower energy and operating supplies costs. Labour costs were reduced as a result of the initiatives introduced in March to cut manpower costs. The $2.4 million increase from the change in inventory resulted from a higher inventory drawdown during the first nine months of 2009 compared to the same period of 2008.

Selling, general and administration costs the first nine months of 2009 were $13.2 million, compared to $14.3 million in the first nine months of 2008 due to cost reduction measures that were undertaken during 2009.

The foreign exchange gain in the first nine months of 2009 was $7.7 million, compared to a loss of $5.2 million in 2008. The foreign exchange gain was a result of a strengthening Canadian dollar on the Fund’s net US dollar monetary liability. The foreign exchange gain was largely offset by a decrease in the value of in-process and finished inventory. The decrease in the value of inventory is realized in Net Revenues as the metal is sold to customers (thereby decreasing the Net Revenue recorded by the Fund).

In the first nine months of 2009, the commodity financial instrument loss was $0.6 million and the commodity hedging loss was $0.1 million. During the period, the change in the market value of the Fund's financial instruments resulted in these amounts being recorded.

In the first nine months of 2009, amortization was $26.9 million, compared to $25.6 million which incurred in the first nine months of 2008. The increase in amortization was due to the higher drawdown in zinc metal inventory during 2009 compared to 2008, as amortization that was previously recorded in inventory was realized upon the sale of the zinc metal.

In the first nine months of 2009, the reclamation recovery was $3.9 million, compared to an expense of $0.7 million which was recorded in the same period of 2008. During the second quarter of 2009, a review of the site restoration and reclamation expenditures was completed by the Fund, including work from a third-party engineering firm. The recovery was due to a decline in the expected future reclamation spending, which has resulted in a reduction in the present value of future site restoration and reclamation liabilities. The sources of the reduced reclamation spending came from the following items:

- The Fund identified opportunities to recycle some of the residues in operations, therefore, reducing the amount of residues that need to be treated; and
- The projected life of some of the residue ponds was extended by optimizing their storage capacity, thereby deferring the timing of some of the expenditures for the projects.

In the first nine months of 2009, net interest expense was $7.3 million compared to $10.7 million in the same period of 2008. The decrease in interest expense was due to a lower average amount of debt outstanding, as well as lower variable interest rates.

Minority interest in earnings of subsidiaries in the first nine months of 2009 was a credit of $1.6 million, down from an expense of $6.7 million in the first nine months of 2008. The decline was due to the Fund's lower earnings in 2009.

KEY PERFORMANCE DRIVERS

The following table provides a summary of the key performance drivers for the third quarter and nine months 2009 and 2008:

	Third Quarter		**Nine months Ended Sept 30**	
	2009	**2008**	**2009**	**2008**
Zinc metal production (tonnes)	51,871	63,676	163,013	195,091
Zinc metal sales (tonnes)	65,793	65,459	178,632	201,463
Zinc concentrate processed (tonnes)	99,790	123,913	322,151	379,337
Zinc recovery (%)	96.9	97.7	97.4	97.8
Processing fee (cents/pound)	38.0	37.5	38.0	37.5
Zinc metal premiums (US$/pound)	0.038	0.060	0.035	0.063
Byproduct revenues ($ millions)	6.6	10.7	21.0	36.1
Copper in copper cake production (tonnes)	653	827	2,085	2,375
Copper in copper cake sales (tonnes)	584	922	1,858	2,596
Sulphuric acid production (tonnes)	80,502	104,131	266,657	315,881
Sulphuric acid sales (tonnes)	79,675	99,595	260,217	318,809
Average LME zinc price (US$/pound)	0.80	0.80	0.67	0.96
Average LME copper price (US$/pound)	2.67	3.48	2.11	3.62
Sulphuric acid netback (US$/tonne)	32	59	33	54
Average US/Cdn. exchange rate	1.097	1.042	1.170	1.019

PRODUCTION

In the third quarter of 2009, zinc metal production was 51,871 tonnes, compared to 63,676 tonnes in the third quarter of 2008. Production was negatively impacted by the 20% reduction in production that remained in effect during the quarter. The reduction in output was due to weak sulphuric acid sales and the lack of sulphuric acid storage capacity at the plant and at third party storage facilities.

On September 28, 2009, however, the Fund reported that it would return to full capacity at the beginning of October because of improved market conditions for sulphuric acid.

Production in the first nine months of 2009 was 163,013 tonnes, compared to 195,091 tonnes in the same period of 2008.

The production target is 229,000 tonnes for 2009.

The target for production is subject to various risks and uncertainties. The assumptions for them can be found in the "Forward-looking Information" below.

RECOVERIES

Recoveries for the third quarter of 2009 were 96.9% compared to the 97.7% for the third quarter of 2008. The Fund pays for 96% of the zinc in the concentrate it purchases; therefore, any recovery over 96% results in metal recovery revenue for the Fund.

SALES

Zinc metal is used in a wide range of industries. Its major use, which accounts for 50% of the total zinc metal consumption in North America, is in the production of galvanized steel.

Customer demand in the third quarter improved considerably due to stronger order levels from the automotive and construction sectors and the need to replenish inventories that were depleted during the first half of the year.

Third quarter 2009 sales increased by 30% to 65,793 tonnes from 50,591 tonnes in the previous quarter, and they compared favourably to sales of 65,459 tonnes in the third quarter of 2008.

Sales in the first nine months of 2009 totalled 178,632 tonnes compared to 201,463 tonnes in the same period of 2008.

The Fund recently increased its zinc slab casting capacity to provide for more commercial flexibility. Annual capacity on the existing slab line was increased 30% to 100,000 tonnes. A second slab line was commissioned in the third quarter, adding a further 80,000 to 100,000 tonnes of annual slab capacity.

With both lines running since the beginning of the third quarter and improved demand from our customers, almost 14,000 tonnes of the forecasted 17,000 tonne inventory reduction scheduled for the second half of 2009 were completed in the third quarter. Since the beginning of the year, inventories were reduced by 15,619 tonnes. The Fund will continue to pursue spot sales opportunities to reduce inventories over the remainder of the year.

Sales for October and November remain firm as the momentum in our customer's order book improves into the fourth quarter. We expect zinc demand will slow in December as customers adjust stocks for year end and reassess market conditions.

The Fund's target for sales for 2009 is 244,000 tonnes.

The target for sales is subject to various risks and uncertainties. The assumptions can be found in the "Forward-looking Information" below.

PREMIUMS

For the third quarter of 2009, premiums averaged 3.8 cents US per pound, compared to 6.0 cents US per pound in the third quarter of 2008 and 4.7 cents US per pound in the second quarter of 2009. Realized premiums were lower in the third quarter of 2009 than the previous quarter due to a change in the product mix.

The forecast for the zinc premiums for the fourth quarter of 2009 is approximately 4.0 cents US per pound, based on the current expected sales mix.

The Fund's premium target for the fourth quarter is subject to various risks and uncertainties. The assumptions can be found in the "Forward-looking Information" below.

PROCESSING FEE

In 2009, the processing fee was increased to 38.0 cents per pound, compared to 37.5 cents per pound in 2008. The processing fee is 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.

BYPRODUCTS

In the third quarter of 2009, the Fund generated $6.6 million in revenue from the sale of its copper cake and sulphuric acid, compared to $10.7 million in the third quarter of 2008. This is almost twice as much as was generated in the second quarter of 2009. Both sulphuric acid and copper revenues were higher.

Revenues from the sale of sulphuric acid were $2.9 million, down from $6.2 million in the third quarter of 2008 as a result of lower netbacks and sales volumes. Third quarter revenues were up significantly from the $0.3 million earned from sulphuric acid sales in the second quarter of 2009.

Copper revenues fell to $3.7 million from $4.4 million in 2008 as a result of lower copper prices and sales volumes in the third quarter of 2009 compared to the same period in 2008. As expected, copper shipments increased in the third quarter from the second quarter.

Sulphuric Acid

The Fund produces sulphuric acid as a byproduct of the zinc refining process. Xstrata Canada Corporation ("Xstrata Canada") has an agency agreement with the Fund to sell its sulphuric acid. The production of zinc and sulphuric acid is linked.

The following table provides a summary of the sulphuric acid production, sales, selling price and netbacks in the third quarter and first nine months of 2009 and 2008:

	Third Quarter		**Year-to-date**	
	2009	**2008**	**2009**	**2008**
Sulphuric acid production (tonnes)	80,502	104,131	266,657	315,881
Sulphuric acid sales (tonnes)	79,675	99,595	260,217	318,809
Average pool selling price (US$/tonne)	78	135	88	114
Sulphuric acid netback (US$/tonne) (1)	32	59	33	54

(1) after deduction for selling and transportation costs and reseller profit

From March 2009 to September 2009, production of sulphuric acid and zinc was reduced by approximately 20% due to the weakness in sulphuric acid demand and the lack of sulphuric acid storage capacity. On September 28, 2009, the Fund announced that it has received notice from Xstrata Canada that current market conditions now permit it to arrange for all the sales of sulphuric acid in quantities equal to the Processing Facility's normal rate of production.

As disclosed in the Q2 2009 Interim Report, the Fund expected that the fundamentals for sulphuric acid might improve in the remainder of the year. This has been confirmed with stronger market conditions as a result of improved sales to both spot and contract customers and due to the strike of the Vale Inco operations in Sudbury. The processing facility returned to full capacity at the beginning of October.

Production in the third quarter of 2009 totalled 80,502 tonnes compared to 104,131 tonnes in the same period of 2008. Sulphuric sales of 79,675 tonnes during the third quarter of 2009 compared to 99,595 tonnes in the same period of 2008. Both production and sales in the recent quarter were in line with 80% production level at which the plant was operating.

Overall, the sulphuric acid market appeared to have reached bottom in the first half of

2009, with contract sales showing modest increases over the last several months.

The netback decreased to US$32 per tonne during the third quarter of 2009 from US$59 per tonne in the third quarter of 2008. The decrease is due to:

- Lower selling prices on contract business and purchase order business.
- Low selling prices on spot sales that were necessary to manage inventories.

The netback in the current quarter improved over those achieved in the second quarter of 2009 because of an US$11 per tonne increase in average selling price and because of the absence of a one-time item that was incurred in the second quarter to manage inventory levels.

The current market conditions for sulphuric acid continue to show some signs of improvement.

- The opportunity to make sales outside of the industrial market has improved.
- Demand from regular contract customers has improved from the low levels that were recorded in the first half of 2009
- The strike at the Sudbury operations of Vale Inco continues to have a positive impact on the regional supply/demand balance for sulphuric acid.

EXCHANGE RATE

A weaker Canadian dollar has a positive impact on the Fund's financial results. In the third quarter of 2009, a one-cent Canadian depreciation in the average Canadian/US exchange rate would have positively impacted the Fund's cash available for distribution by approximately $0.125 million ($0.5 million on an annual basis). The average Canadian/US exchange rate depreciated from $1.042 in the third quarter of 2008 to $1.097 in the third quarter of 2009.

COSTS

Production costs include labour, energy, supplies and other costs directly associated with the production process. Production costs in the third quarter of 2009 were $44.8 million, compared to $44.0 million in the third quarter of 2008. See page 3 for more details.

CAPITAL EXPENDITURES

Capital expenditures in the third quarter of 2009 were $4.7 million, compared to $6.3 million in the third quarter of 2008. Regular maintenance accounted for $3.9 million, while profitability projects totalled $0.8 million.

During the first nine months of 2009, capital expenditures totalled $18.0 million compared to $16.4 million in the same period of 2008. The new slab line which was commissioned during the third quarter cost $3.2 million.

For 2009, the forecast for capital spending is $24 million, $4 million lower than in 2008.

The bulk of the spending will be on sustaining capital to keep the plant in good working order.

The Fund's target for capital spending is subject to various risks and uncertainties. The assumptions can be found in the "Forward-looking Information" below.

Operating Cash Flows

Cash realized from operations, before net change in non-cash working capital items in the third quarter of 2009 was $9.4 million compared to $19.3 million in the third quarter of 2008. During the third quarter of 2009, non-cash working capital decreased by $18.6 million. The decrease in working capital resulted from increases in accounts receivable and inventory, partially offset by an increase in accounts payable. The increase in accounts receivable resulted from a large volume of sales in September as well as in increase in the price of zinc over the quarter. The increase in the inventory resulted from the increase in the price of zinc and an increase in concentrate inventory which more than offset the drawdown of zinc metal inventory during the quarter.

Cash realized from operations, before net change in non-cash working capital items in the first nine months of 2009 was $19.6 million compared to $55.0 million in the same period of 2008. During the first nine months of 2009, non-cash working capital decreased by $4.8 million due to an increase in accounts payable and accrued liabilities which more than offset the increase in accounts receivable and inventory.

Standardized Distributable Cash

Standardized distributable cash is defined as the GAAP measure of cash from operating activities after adjusting for capital expenditures, restrictions on distributions arising from compliance with financial covenants restrictive at the time of reporting, and minority interests.

Standardized distributable cash should not be seen as a measurement of liquidity or be used as a substitute for other measures, in accordance with GAAP. Management believes that, in addition to net earnings, standardized distributable cash is a useful supplemental measure for evaluating the Fund’s performance as the standardized distributable cash net of the fluctuations in non-cash working capital items provides investors with an indication of cash available for distributions and working capital needs. Investors are cautioned, however, that standardized distributable cash should not be construed as an alternative to the statement of cash flows as a measure of liquidity and cash flows. The method of calculating standardized distributable cash for the purposes of this press release may differ from that used by other issuers and, accordingly, standardized distributable cash in this press release may not be comparable to standardized distributable cash used by others.

A reconciliation of cash realized from operations to standardized distributable cash for the periods ending September 30, 2009 and 2008 is provided below:

($ thousands)	Third Quarter		Year-to-date	
	2009	**2008**	**2009**	**2008**
Cash realized from operations	(9,280)	60,507	24,354	94,121
Less: portion attributable to minority interest	2,320	(15,126)	(6,089)	(23,530)
Cash realized from operations attributable to Priority Unitholders (a)	(6,960)	45,381	18,265	70,591
Capital adjustments:				
Purchase of property, plant and equipment	(4,735)	(6,348)	(18,033)	(16,374)
Proceeds from government assistance	-	-	-	478
Proceeds on sale of property, plant and equipment	5	21	5	193
Accretion on long-term debt	(65)	(65)	(193)	(193)
	(4,795)	(6,392)	(18,221)	(15,896)
Plus: portion of capital adjustments attributable to minority interest	1,198	1,598	4,555	3,974
Capital adjustments attributable to Priority Unitholders (b)	(3,597)	(4,794)	(13,666)	(11,922)
Standardized distributable cash (a) + (b)	(10,557)	40,587	4,599	58,669
Other adjustments including discretionary items:				
Increase/(decrease) in non-cash working capital	18,635	(41,226)	(4,779)	(39,135)
Decrease/(increase) in operating reserve	(3,261)	(141)	10,396	(843)
Decrease/(increase) in capital reserve	(1,298)	-	-	-
Less/(plus) portion of other adjustments attributable to minority interest	(3,519)	10,342	(1,404)	9,995
Impact of Ordinary Unit subordination	-	-	1,875	-
Distributions declared to Priority Unitholders	-	9,562	10,687	28,686
Weighted average number of Priority Units outstanding (basic and diluted)	37,497,975	37,497,975	37,497,975	37,497,975
Standardized distributable cash per Priority Unit	$(0.28)	$1.08	$0.12	$1.56
Distributions declared per Priority Unit	$-	$0.255	$0.285	$0.765

The Fund has included the amortization of deferred financing fees as a capital adjustment. The fees associated with completing a notes offering in 2003 are being spread over the term of the note offering for the calculation of standardized distributable cash.

From February to June 2009, the distribution to Priority Unitholders was reduced to 4 cents per unit. The subordination feature was triggered, and since then, the Ordinary Unitholders have received no monthly distribution. In July 2009, the Fund suspended distributions to the Priority Unitholders as well.

The amount that was paid to the Priority Units and was not paid to the Ordinary Units will accumulate and be paid to the Ordinary Units if there is excess cash available for distribution above the Base Distribution amount of 8.333 cents per unit in a subsequent month. As of September 30, 2009, the accumulated distribution deficiency was $2.5 million.

On September 28, 2009, the Fund announced that sulphuric acid and zinc production would return to full capacity in early October due to improvements in the sulphuric acid market. While the return to full capacity is positive, the Fund still faces some challenges, such as low zinc premiums and a stronger Canadian dollar. The Fund is also preparing to renew its debt in 2010. The Board of Trustees will continue to assess all these factors as they consider any change to the monthly distribution policy. At this point in time, the monthly cash distribution remains suspended.

In the third quarter of 2009, standardized distributable cash was $(10.6) million and distributions declared to Ordinary and Priority Unitholders were nil.

Distribution Policy

The Fund's goal is to provide stable, monthly distributions to unitholders. In light of the proposed tax changes scheduled for January 1, 2011, the Fund is studying the potential to convert to a corporation. The Fund is likely to continue as a trust until 2011 because it is the most tax-efficient way to provide distributions to the unitholders.

Management and the board of trustees periodically review cash distributions, taking into consideration current and prospective performance. Some of the factors considered in decisions related to distributions include cash amounts required to service debt obligations, current business conditions, capital expenditures, taxes, working capital requirements and other items considered to be prudent. The Fund's policy is to make distributions to unitholders equal to cash flows from operations, before variations in working capital and such reserves for operating and capital expenditures as may be considered appropriate by the trustees. The Fund determines the cash available for distribution on a monthly basis for the unitholders of record of the Fund on the last business day of each calendar month and these distributions are to be paid on or about 25 days thereafter.

The amount of monthly distribution to unitholders is a function of the Fund's debt management strategy and productive capacity maintenance program. The Fund's calculation, as compared to the CICA's standardized distributable cash, excludes changes in non-cash working capital as the changes within the working capital components are often temporary by nature and, if needed, can be financed with the Fund's Revolving Facility.

One of the main factors influencing the non-cash working capital balances is the LME price for zinc metal. As zinc metal prices increase, inventory and accounts receivable increase, resulting in higher non-cash working capital balances. When zinc metal prices decrease, inventory and accounts receivable decrease, resulting in lower non-cash working capital balances.

Notional Operating Reserve and Capital and Site Restoration Reserve

In order to meet the Fund's long-term goal to provide a stable, monthly distribution, a notional operating reserve is utilized. In a period in which standardized distributable cash, net of the changes in non-cash working capital attributable to Priority Unitholders, is greater than the distributions declared to the Priority Unitholders, the notional operating reserve will increase. In a period during which standardized distributable cash, net of the changes in non-cash working capital attributable to Priority Unitholders, is less than the distributions declared to the Priority Unitholders, the notional operating reserve will decrease. The notional operating reserve provides flexibility so that the Fund can maintain a stable, monthly distribution while adhering to the Fund's trust indentures and debt covenants. During the third quarter of 2009, the notional operating reserve increased by $3.3 million to $6.2 million. This compares to a reserve of $16.6 million at the end of 2008.

The Fund also utilizes a notional capital and site restoration reserve. In a period in which unexpected or unusually high capital expenditures are required, the Fund has the ability to reduce the notional capital and site restoration reserve, while adhering to the Fund's trust indentures and debt covenants. As of September 30, 2009, the notional capital and site restoration reserve was $5.0 million (September 30, 2008 - $5.0 million), a $1.3 million increase during the quarter.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2009, the Fund's total debt (short-term and long-term) was $204.3 million, up from $196.6 million at the end of December 2008. The Fund's cash and cash equivalents at September 30, 2009 totalled $1.3 million, down from $3.5 million at December 31, 2008.

The Fund has a Revolving Facility in place that is used for general corporate purposes, including financing working capital. It comes due on May 3, 2010. The amount available to be drawn on the Revolving Facility varies on a quarterly basis and is based on percentages of the Fund's eligible inventory and accounts receivable from the previous quarter. The maximum available to be drawn at any time is $200 million and the minimum is $55 million. The Fund has the ability to draw down the Revolving Facility in both Canadian and US dollars. The amount available based on the Fund’s September 30, 2009 balance sheet was $120 million of which $53.9 million was drawn (including $2.8 million for letters of credit).

Fluctuations in working capital balances as a result of operations are generally funded by, or used to repay, the Revolving Facility. During the third quarter of 2009, $94.0 million of debt was drawn and $81.0 million was repaid related to the fluctuations in working capital.

The Fund has $153.5 million of senior secured notes (the “Notes”) outstanding. The Notes have a term of seven years and will mature on December 20, 2010. The Notes offering was made by way of a private placement and the proceeds were used to repay a term facility that had been outstanding since the inception of the Fund.

Both the Revolving Facility and the Notes contain customary representations, warranties, covenants and conditions to funding. The Fund’s inability to meet these representations, warranties, covenants and conditions may require it to seek additional funding sources and may impact upon the Fund’s ability to make distributions. All of the assets of the Fund have been pledged in support of the obligations under the Notes and the Revolving Facility.

The main covenants under the Revolving Facility agreement require the Fund to maintain, at the end of each quarter, a leverage ratio, an interest coverage ratio, and a current ratio.

- The leverage ratio at the end of each quarter is based on the most-recent four rolling quarters and is calculated by dividing the total debt at the end of the period by the earnings before interest, taxes, depreciation and amortization (“EBITDA”) as defined in the Revolving Facility agreement for the period.
- The interest coverage ratio at the end of each quarter is based on the most-recent four rolling quarters and is calculated by dividing the EBITDA for the period by the total interest expense for that period, net of the interest expense related to any subordinated loans, as defined in the Revolving Facility agreement. The interest coverage ratio must be no less than 3 to 1.
- The current ratio is calculated at the end of each quarter by dividing the current assets by the total of the current liabilities plus the Revolving Facility, as defined in the Revolving Facility agreement, at the balance sheet date. The current ratio must be no less than 1 to 1.

All of the covenants under the Revolving Facility agreement were met as at September 30, 2009 and are summarized below:

	Sept 30, 2009
Leverage ratio [1] (must not exceed 5.25[2] to 1)	3.9
Interest coverage ratio [1] (must be no less than 3 to 1)	5.2
Current ratio (must be no less than 1 to 1)	1.3

(1) four rolling-quarter average
(2) The Fund has secured the required lender support from the Revolving Facility syndicate to amend the Revolving Facility.

The Revolving Facility agreement lists events that constitute an event of default should they occur. Events that constitute a default include the non payment of principal, interest or other obligations of the Fund in respect of the Revolving Facility agreement and a breach of any covenant pursuant to the Revolving Facility agreement. If any event of default occurs under the Revolving Facility agreement, the Revolving Facility lenders will be under no further obligation to make advances to the Fund and may require the Fund to repay any outstanding obligation pursuant to the Revolving Facility agreement. There were no conditions of default existing during the three month period ending September 30, 2009.

The Fund has been informed by the agent of the Revolving Facility syndicate that support to amend the Revolving Facility has been obtained from the required lenders. The amendment will provide that the Notes that mature on December 20, 2010 will be excluded from the definition of current liabilities under the Revolving Facility agreement for the purposes of calculating the Current ratio covenant. Therefore, the Fund does not expect to breach the Current ratio covenant as of December 31, 2009 or in the future.

As a result of the plant operating at less than full capacity from March to September 2009 and because of the weaker market conditions throughout 2009, the Fund may have been in breach of the Leverage ratio covenant as of December 31, 2009. This would have stemmed from the reduced profitability and cash flow generated in 2009, as well as the impact of higher zinc prices on the Fund’s working capital requirements. The amendment will also provide that the maximum Leverage ratio has been increased from 4.25 to 1 to 5.25 to 1 for the periods ending December 31, 2009 and March 31, 2010. With the plant now operating at full capacity and with the amendment, the risk of breaching the Leverage ratio has been significantly reduced.

As a result of the amendment and reflecting the current credit market, the Fund expects its interest rate spread to increase from 2% to 4.5% for the remainder of the Revolving Facility agreement.

The Fund has provided covenants to the Noteholders, including a commitment to the punctual payment of principal and interest accrued on the Notes, in accordance with the terms of the Trust Indenture. The Fund is required to maintain a letter of credit or cash, for the benefit of the holders of the Notes, for an amount equal to or greater than three months' interest expense. As at September 30, 2009, the letter of credit amounted to $2.6 million. All of the covenants under the Trust Indenture were met for the three month period ending September 30, 2009.

The Fund expects to further extend the Revolving Facility beyond May 1, 2010 and to refinance the Notes as they approach their maturity date of December 20, 2010. The Fund's inability to further extend the Revolving Facility or refinance the Notes may require it to seek additional funding sources on less favourable terms. There is no assurance that such indebtedness could be renewed or refinanced, which can have a material adverse effect on the Fund.

OTHER DEVELOPMENTS

In August 2004, the Processing Facility was served with a class action motion presentable before the Québec Superior Court, subsequent to an accidental discharge of sulphur trioxide. In June 2008, the Québec Superior Court dismissed the motion to institute a class action. The plaintiff appealed the decision. In August 2009, the Québec Court of Appeal dismissed the appeal, thereby bringing an end to the matter.

Effective March 12, 2010, certain amendments to the Canadian Competition Act will come into force. The Fund is examining the potential impact of these amendments on its operation and, if necessary, it will take steps to ensure compliance.

OUTLOOK

The Fund is providing guidance for fourth quarter 2009 premiums, and annual targets for the production, sales, processing fee and capital expenditures:

Q4 2009 target:	
Zinc metal premium:	4.0 cents US per pound, based on the current expected sales mix
2009 annual targets:	
Production:	229,000 tonnes
Sales:	244,000 tonnes
Processing fee:	38.0 cents per pound
Capital expenditures	$24 million

The Fund's ability to meet the targets identified above is subject to the various risks and the assumptions can be found in the “Forward-looking Information” below.

FORWARD-LOOKING INFORMATION

The Fund has provided Forward-looking Information for the fourth quarter on premiums, and the 2009 estimated production, sales, processing fee and capital expenditures. The Fund provides this Information to shareholders and analysts because they are among the key drivers of the business. Readers are cautioned that this information may not be appropriate for other reasons.

Forward-looking Information involves known and unknown risks, uncertainties and other factors, which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the Forward-looking Information.

Examples of such risks, uncertainties and other factors include, but are not limited to, the following: (1) the Fund’s ability to operate at normal production levels; (2) the dependence upon the continuing supply of zinc concentrates (terms of the Supply and Processing Agreement); (3) the demand for zinc metal, sulphuric acid and copper in cake; (4) the ability to manage sulphuric acid inventories; (5) changes to the supply and demand for specific zinc metal products and the impact on the Fund’s realized premiums; (6) the impact of month prior pricing; (7) the ability of the Fund to continue to service customers in the same geographic region; (8) the sensitivity of the Fund’s Net Revenues to reductions in realized zinc metal prices including premiums, copper prices, sulphuric acid prices; the strengthening of the Canadian dollar vis-à-vis the US dollar; and increasing transportation and distribution costs; (9) the sensitivity of the Fund’s production costs to increases in electricity rates, other energy costs, labour costs and operating supplies used in its operations, the sensitivity of the Fund’s interest expense to increases in interest rates; (10) changes in recoveries and capital expenditure requirements; (11) the negotiation of collective agreements with its unionized employees; (12) general business and economic conditions; (13) transportation disruptions; (14) the legislation governing the operation of the Fund including, without limitation, air emissions, discharges into water, waste, hazardous materials, workers’ health and safety, and many other aspects of the Fund’s operation as well as the impact of future legislation and regulations on expenses, capital expenditures, taxation and restrictions on the operation of the Processing Facility; (15) potential negative financial impact from regulatory investigations, claims, lawsuits and other proceedings; (16) loan default and refinancing risk; and (17) reliance on Xstrata Canada for the operation and maintenance of the Processing Facility.

Noranda Income Fund is an income trust whose units trade on the Toronto Stock Exchange under the symbol "NIF.UN". The Noranda Income Fund owns the CEZinc processing facility and ancillary assets (the "CEZinc processing facility") located in

Salaberry-de-Valleyfield, Québec. The CEZinc processing facility is the second-largest zinc processing facility in North America and the largest zinc processing facility in eastern North America, where the majority of its customers are located. It produces refined zinc metal and various by-products from zinc concentrates purchased from mining operations. The Processing Facility is operated and managed by Canadian Electrolytic Zinc Limited.

Further information about the Noranda Income Fund can be found at www.norandaincomefund.com

Contact:
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NORANDA INCOME FUND

INTERIM CONSOLIDATED BALANCE SHEETS

(unaudited)

($ thousands)

	Sept. 30 2009	Dec. 31 2008
ASSETS		
Current assets:		
Cash and cash equivalents	1,294	3,455
Accounts receivable		
Trade	71,976	32,520
Xstrata Canada (note 8)	2,627	36,583
Firm commitments (note 6)	3,806	4,773
Inventories (note 4)	96,005	79,943
Prepaids and other assets	1,671	2,110
	177,379	159,384
Property, plant and equipment	299,960	308,258
	477,339	467,642
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities		
Trade	16,306	22,819
Xstrata Canada (note 8)	57,853	22,708
Commodity financial instruments (note 6)	1,245	5,332
Firm commitments (note 6)	3,803	-
Distributions payable	-	4,250
Revolving facility	51,127	-
	130,334	55,109
Future tax liability	13,147	13,147
Future site restoration and reclamation (note 5)	8,740	12,806
Long-term debt	153,191	196,615
Interests of Ordinary Unitholders	48,148	50,783
Unitholders' Interest:		
Unitholders' equity	191,273	191,273
Deficit	(67,494)	(52,091)
	123,779	139,182
	477,339	467,642

NORANDA INCOME FUND

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) AND DEFICIT AND COMPREHENSIVE INCOME (LOSS)

(unaudited)

($ thousands)

	Three months ended Sept. 30		Nine Months ended Sept. 30	
	2009	**2008**	**2009**	**2008**
Revenues				
Sales	132,674	143,052	324,359	505,715
Transportation and distribution costs	(3,987)	(4,835)	(10,592)	(15,194)
	128,687	138,217	313,767	490,521
Raw material purchase costs	72,567	62,427	159,203	270,568
Revenues less raw material purchase costs	56,120	75,790	154,564	219,953
Other expenses				
Production	44,847	44,014	124,485	137,067
Selling, general and administration	3,826	4,618	13,154	14,278
Foreign exchange loss (gain)	(6,698)	2,884	(7,745)	5,211
Commodity hedging loss (gain)	76	103	69	(98)
Commodity financial instruments loss (gain)	2,733	(1,421)	615	(414)
Amortization of property, plant and equipment	10,363	8,313	26,856	25,585
Reclamation	174	267	(3,900)	747
	55,321	58,778	153,534	182,376
Earnings before interest, minority interest and income tax	799	17,012	1,030	37,577
Interest expense, net	2,489	3,398	7,318	10,716
Earnings (loss) before minority interest	(1,690)	13,614	(6,288)	26,861
Minority interest in earnings for Ordinary Unitholders	(422)	3,404	(1,572)	6,716
Net earnings (loss) and comprehensive income (loss)	(1,268)	10,210	(4,716)	20,145
Deficit beginning of period	(66,226)	(50,691)	(52,091)	(41,502)
Distributions to Priority Unitholders	-	(9,562)	(10,687)	(28,686)
Deficit end of period	(67,494)	(50,043)	(67,494)	(50,043)
Net earnings per Priority Unit (basic and diluted)	$ (0.03) #	$ 0.27	$ (0.13)	$ 0.54
Weighted average Priority Units outstanding	37,497,975	37,497,975	37,497,975	37,497,975

NORANDA INCOME FUND

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

($ thousands)

	Three months ended Sept. 30		Nine Months ended Sept. 30	
	2009	**2008**	**2009**	**2008**
Cash realized from (used for) operations:				
Net earnings (loss) for the period	**(1,268)**	**10,210**	**(4,716)**	**20,145**
Items not affecting cash:				
Amortization of property, plant and equipment	**10,363**	**8,313**	**26,856**	**25,585**
Reclamation	**174**	**267**	**(3,900)**	**747**
Minority interest in earnings for Ordinary Unitholders	**(422)**	**3,404**	**(1,572)**	**6,716**
Mark-to-market loss (gain) on commodity financial instruments	**2,809**	**(1,318)**	**684**	**(512)**
Change in fair value of embedded derivatives	**(2,412)**	**(1,874)**	**1,324**	**1,579**
Accretion on long-term debt	**65**	**65**	**193**	**193**
Loss from sale of property, plant and equipment	**139**	**336**	**871**	**876**
Site restoration expenditures	**(93)**	**(122)**	**(165)**	**(343)**
	9,355	**19,281**	**19,575**	**54,986**
Net change in non-cash working capital items	**(18,635)**	**41,226**	**4,779**	**39,135**
	(9,280)	**60,507**	**24,354**	**94,121**
Cash realized from (used for) investment activities:				
Purchases of property, plant and equipment	**(4,735)**	**(6,348)**	**(18,033)**	**(16,374)**
Proceeds from Hydro Quebec - incentive	**-**	**-**	**-**	**478**
Proceeds on sales of property, plant and equipment	**5**	**21**	**5**	**193**
	(4,730)	**(6,327)**	**(18,028)**	**(15,703)**
Cash realized from (used for) financing activities:				
Distributions - Priority Unitholders	**(1,500)**	**(9,562)**	**(13,874)**	**(28,686)**
- Ordinary Unitholders	**-**	**(3,188)**	**(2,125)**	**(9,563)**
Long-term debt issued under the Revolving Facility	**94,002**	**43,150**	**193,012**	**239,370**
Long-term-debt repaid under the Revolving Facility	**(81,000)**	**(87,500)**	**(185,500)**	**(279,500)**
	11,502	**(57,100)**	**(8,487)**	**(78,379)**
Change in cash and cash equivalents during the period	**(2,508)**	**(2,920)**	**(2,161)**	**39**
Cash and cash equivalents, beginning of period	**3,802**	**6,661**	**3,455**	**3,702**
Cash and cash equivalents, end of period	**1,294**	**3,741**	**1,294**	**3,741**