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Income Fund

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NORANDA INCOME FUND REPORTS FOURTH QUARTER NET EARNINGS OF $1.4 MILLION

Valleyfield, Québec, February 16, 2010 – The Noranda Income Fund (the "Fund") (TSX: NIF.UN) reported net earnings of $1.4 million for the fourth quarter of 2009, compared to net earnings of $7.5 million in the same quarter a year ago and a net loss of $(1.3) million for the third quarter.

"The plant operated at normal operating capacity during the quarter and this positively impacted fourth quarter profitability and cash flow. The benefits of improved demand for zinc, sulphuric acid and copper flowed through to the bottom line," said Mario Chapados, President and Chief Executive Officer of the Noranda Income Fund's Manager.

Outlook

Data from the Purchasing Manager's Index ("PMI) survey for December 2009 suggested that manufacturing activity started in 2010 with momentum. The PMI Indices for all the major economies strengthened in December above the expansion index level of 50. The trend seen in the PMI indices has also been reflected in the Fund's sales. In recent months, customers have been restocking and supply chains are being replenished. The steel industry, which is the major consumer of zinc in the United States, has seen steady improvement with capacity utilization running at the 65% level compared to a 44% average in the first half of 2009. The improvement is due to the momentum carried forward from government programs, such as the Cash for Clunkers car trade-in incentives, as well as the supply pipeline restocking after having been virtually depleted during the first half of the year.

Looking at 2010, the withdrawal of the stimulus measures in the developed economies and fiscal tightening in China are the two main variables of uncertainty. Manufacturing activity is improving, but not across all sectors. Within North America:

- Automotive sales are steady at the 11 million per year level; however, non-residential construction is slowing. Customers remain cautious on commitments for 2010, adding to their orders only as new business materializes.
- The improvement in sulphuric acid demand that occurred in the second half of 2009 has continued into 2010. This trend is being supported by:
    - higher U.S. Gulf spot sulphur prices,
    - higher industrial demand and
    - the continuation of the strike at Vale Inco's Sudbury operations.

In 2010, the Fund still faces some challenges, such as low zinc premiums and a stronger Canadian dollar. The Fund is also preparing to renew both its Revolving Facility and its senior secured notes that expire on May 10, 2010 and December 20, 2010, respectively.

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

In light of the tax changes scheduled to take effect on January 1, 2011, the Fund is studying the best corporate structure for unitholders going forward. The options include converting to a corporation or remaining as an income trust.

Conference Call
The Noranda Income Fund will host an Investor Conference Call to discuss its Q4/2009 financial results at 08:30 AM Eastern time on Wednesday, February 17, 2010.

- For those preferring to listen by phone, please dial 416-340-2216 or toll free 1-866-226-1792.
- 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 March 3, 2010.

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 twelve months ended December 31, 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 February 16, 2010. Additional information relating to the Fund, including the Fund's annual information form is available on SEDAR at www.sedar.com.

Q4 2009 Highlights

	Fourth Quarter		Year	
	2009	**2008**	**2009**	**2008**
Zinc metal production (tonnes)	65,587	69,140	228,600	264,231
Zinc metal sales (tonnes)	65,337	57,202	243,969	258,665
Processing fee (cents/pound)	38.0	37.5	38.0	37.5
Zinc recovery (%)	97.4	95.8	97.5	97.4
Zinc metal premiums (US$/pound)	0.037	0.041	0.035	0.057
Byproduct revenues ($ millions)	6.6	10.5	27.6	46.7
Average US/Cdn. exchange rate	1.056	1.213	1.142	1.067

- The plant operated at normal operating capacity.
- Zinc metal sales totalled 65,337 tonnes, up 14% from the previous year.
- Zinc recoveries were 97.4% compared to 95.8% a year ago.
- Finished inventory was reduced in 2009 by 15,300 tonnes due to improved customer orders and increased production flexibility from the increased slab capacity.
- The Fund continued discussions with the Revolving Facility syndicate regarding the extension of the Revolving Facility and it expects to come to an agreement prior to the maturity date of May 1, 2010.
- The Fund met all of its debt covenants as of December 31, 2009.

RESULTS OF OPERATIONS

Consolidated Net Earnings (Fourth quarter 2009 compared to fourth quarter 2008)
Revenues less raw material purchase costs (“Net Revenues”) in the fourth quarter of 2009 were $61.0 million, compared to $77.6 million in the same quarter of 2008. The $16.6 million decrease was due to lower premiums and byproduct revenues, and a stronger Canadian dollar partially offset by stronger zinc metal sales.

Production Cost Breakdown

($ millions)	Fourth Quarter		Increase/
	2009	**2008**	**(Decrease)**
Labour	14.0	15.7	(1.7)
Energy	15.9	16.8	(0.9)
Operating supplies	8.1	8.8	(0.7)
Other	2.7	4.6	(1.9)
Production cost before changes in inventory	40.7	45.9	(5.2)
Change in inventory	0.5	(7.2)	7.7
	41.2	38.7	2.5

Production costs in the fourth quarter of 2009 were $41.2 million, compared to $38.7 million recorded in the fourth quarter of 2008. Production during the quarter ran at full capacity. Labour costs were reduced as a result of the initiatives introduced in March to cut manpower costs. The $7.7 million increase from the change in inventory resulted from the significant drawdown in finished zinc metal inventory in the fourth quarter of 2009.

Selling, general and administration costs in the fourth quarter of 2009 were $4.5 million, compared to $3.7 million in the same period of 2008.

The foreign exchange gain for the fourth quarter of 2009 was $1.9 million, compared to a loss of $12.6 million in the fourth 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 fourth quarter of 2009, the commodity hedging gain was $0.3 million and the commodity financial instruments loss was $2.3 million. In the fourth quarter of 2008, the commodity hedging loss was $0.3 million and the commodity financial instruments loss was $1.7 million. During the period, the change in the market value of the Fund's financial instruments resulted in these amounts being recorded.

In the fourth quarter of 2009, amortization was $9.2 million compared to $7.2 million in the fourth quarter of 2008. The increase was due to the significant build-up in zinc metal inventory during the fourth quarter of 2008, as amortization was capitalized into the inventory value of the zinc metal. Zinc metal inventories were unchanged during the fourth quarter of 2009.

The reclamation expense for the three months ended December 31, 2009 was $0.3 million compared to $0.4 million in the same period of 2008.

In fourth quarter of 2009, net interest expense was $3.8 million compared to $2.9 million in the fourth quarter of 2008. The increase in interest expense during the fourth quarter of 2009 was due to higher average outstanding debt and transaction cost on the amendment of certain debt covenants, offset by a lower variable interest rate compared to the fourth quarter of 2008.

Minority interest in earnings of subsidiaries in the fourth quarter of 2009 was an expense of $0.4 million, down from $2.5 million in the fourth quarter of 2008. The decline was due to the Fund's lower earnings in the quarter.

Consolidated Net Earnings (Twelve months 2009 compared to twelve months of 2008)
As a result of the weakness in the sulphuric acid market, the Processing Facility operated at 80% capacity utilization for six months in 2009, and this impacted both the financial and operational results. The net loss for the year totalled $(3.3) million, compared to net earnings of $27.7 million in 2008. The $31.0 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 in 2009 were $215.6 million, compared to $297.6 million in 2008. The $82.0 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		Increase/
	2009	**2008**	**(Decrease)**
Labour	55.4	63.1	(7.7)
Energy	57.9	64.0	(6.1)
Operating supplies	31.9	35.6	(3.7)
Other	12.5	15.2	(2.7)
Production cost before changes in inventory	157.7	177.9	(20.2)
Change in inventory	8.0	(2.2)	10.2
	165.7	175.7	(10.0)

Production costs in 2009 were $165.7 million, $10.0 million lower than the $175.7 million recorded in 2008. Production from March until the end of September ran at 80% of the 2008 level, resulting in lower energy and operating supplies costs. Labour costs were $7.7 million lower as a result of the initiatives introduced in March to cut manpower costs. This result is slightly better than the previously estimated labour cost savings of $7.5 million. The $10.2 million increase from the change in inventory resulted from a higher inventory drawdown during 2009 compared to 2008.

Selling, general and administration costs in 2009 were $17.6 million, compared to $18.0 million in 2008.

The foreign exchange gain in 2009 was $9.6 million, compared to a loss of $17.9 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 2009, the commodity financial instrument loss was $3.0 million and the commodity hedging gain was $0.2 million. During the period, the change in the market value of the Fund's financial instruments resulted in these amounts being recorded.

In 2009, amortization was $36.0 million, compared to $32.8 million which incurred in 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 2009, the reclamation recovery was $3.6 million, compared to an expense of $1.2 million which was recorded in 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 2009, net interest expense was $11.1 million compared to $13.7 million in 2008. The decrease in interest expense was due to lower variable interest rates.

Minority interest in earnings of subsidiaries in 2009 was a credit of $1.1 million, down from an expense of $9.2 million in 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 fourth quarter and years of 2009 and 2008:

	Fourth Quarter		**Year**	
	2009	**2008**	**2009**	**2008**
Zinc metal production (tonnes)	65,587	69,140	228,600	264,231
Zinc metal sales (tonnes)	65,337	57,202	243,969	258,665
Zinc concentrate processed (tonnes)	124,908	134,407	447,059	508,008
Zinc recovery (%)	97.4	95.8	97.5	97.4
Processing fee (cents/pound)	38.0	37.5	38.0	37.5
Zinc metal premiums (US$/pound)	0.037	0.041	0.035	0.057
Byproduct revenues ($ millions)	6.6	10.5	27.6	46.7
Copper in copper cake production (tonnes)	969	1,073	3,054	3,448
Copper in copper cake sales (tonnes)	520	935	2,378	3,531
Sulphuric acid production (tonnes)	105,499	107,024	372,156	422,905
Sulphuric acid sales (tonnes)	99,692	107,303	359,909	426,112
Average LME zinc price (US$/pound)	1.00	0.54	0.75	0.85
Average LME copper price (US$/pound)	3.02	1.77	2.34	3.16
Sulphuric acid netback (US$/tonne)	23	76	31	60
Average US/Cdn. exchange rate	1.056	1.213	1.142	1.067

PRODUCTION

In the fourth quarter of 2009, zinc metal production was 65,587 tonnes, compared to 69,140 tonnes in the fourth quarter of 2008.

Production in 2009 totalled 228,600 tonnes, compared to 264,231 tonnes in 2008.

The production target for 2010 is 265,000 tonnes. Production in 2010 is expected to be lower than plant capacity of 270,000 tonnes because of the cell house rehabilitation program which will begin in 2010. The program requires two cells to be off-line, and this reduces availability by 2%. Rehabilitation of the entire cellhouse will take 3 to 4 years to complete.

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 fourth quarter of 2009 were 97.4% compared to the 95.8% for the fourth 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.

The improvement in consumer demand that was witnessed in the third quarter continued into the fourth quarter. Stronger orders came from the automotive and construction sectors, and from inventory rebuilding after they were depleted during the first half of the year.

Fourth quarter 2009 sales were 65,337 tonnes from 57,202 tonnes in the fourth quarter of 2008. Sales in 2009 totalled 243,969 tonnes compared to 258,665 tonnes in 2008.

Inventories of zinc metal at year-end remained unchanged from the end of September 2009; however over the course of the year, they were reduced by 15,300 tonnes.

The Fund's target for 2010 sales is 265,000 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 fourth quarter of 2009, premiums averaged 3.7 cents US per pound, compared to 4.1 cents US per pound in the fourth quarter of 2008. Realized premiums were lower in the fourth quarter of 2009 than in the same period in 2008 due to lower contract premiums.

The forecast for the zinc premiums for 2010 is approximately 4.0 cents US per pound, based on the current expected sales mix.

The Fund's premium target for 2010 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.

For 2010, the processing fee is forecast to be 38.5 cents per pound.

BYPRODUCTS

In the fourth quarter of 2009, the Fund generated $6.6 million in revenue from the sale of its copper cake and sulphuric acid, compared to $10.5 million in the fourth quarter of

2008.

Revenues from the sale of sulphuric acid were $2.6 million, down from $9.9 million in the fourth quarter of 2008 as a result of lower netbacks and sales volumes.

Copper revenues were $3.6 million up from $0.3 million in the fourth quarter of 2008 as a result of higher copper prices in the fourth quarter 2009 and a negative provisional pricing adjustment to fourth quarter 2008 revenues. Copper sales volumes in the fourth quarter of 2009 totalled 520 tonnes compared to 935 tonnes in the same period of 2008.

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 fourth quarter and years of 2009 and 2008:

	Fourth Quarter		**Year**	
	2009	**2008**	**2009**	**2008**
Sulphuric acid production (tonnes)	105,499	107,024	372,156	422,905
Sulphuric acid sales (tonnes)	99,692	107,303	359,909	426,112
Average pool selling price (US$/tonne)	78	145	88	117
Sulphuric acid netback (US$/tonne) [1]	23	76	31	60

[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. The fundamentals for sulphuric acid improved in the second half of 2009, and the processing facility returned to full capacity at the beginning of October. 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.

Production in the fourth quarter of 2009 totalled 105,499 tonnes compared to 107,024 tonnes in the same period of 2008. Sulphuric sales of 99,692 tonnes during the fourth quarter of 2009 compared to 107,303 tonnes in the same period of 2008. At year-end, sulphuric acid inventories were within the plant's normal operating range.

Overall, the sulphuric acid market appeared to have reached bottom in the first half of 2009, with contract sales showing modest increases over the second half of the year.

The plant returned to full capacity in the fourth quarter and sulphuric acid production increased.

The netback decreased to US$23 per tonne during the fourth quarter of 2009 from US$76 per tonne in the fourth 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 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. Even if the Vale strike were to end in the near future, the Fund feels current North American demand would allow it to continue at the normal operating level.

EXCHANGE RATE
A stronger Canadian dollar has a negative impact on the Fund’s financial results. In the fourth quarter of 2009, a one-cent Canadian appreciation in the average Canadian/US exchange rate would have negatively 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 appreciated from $1.213 in the fourth quarter of 2008 to $1.056 in the fourth quarter of 2009.

COSTS
Production costs include labour, energy, supplies and other costs directly associated with the production process. Production costs in the fourth quarter of 2009 were $41.2 million, compared to $38.7 million in the fourth quarter of 2008. See page 3 for more details.

CAPITAL EXPENDITURES
Capital expenditures in the fourth quarter of 2009 were $5.9 million, compared to $12.0 million in the fourth quarter of 2008. Regular maintenance accounted for almost all of the expenditures in the quarter.

In 2009, the capital expenditure was $24.0 million compared to $28.4 million in 2008.

For 2010, the forecast for capital spending is $24 million, unchanged from 2009. The bulk of the spending will be on sustaining capital to keep the plant in good working order, including $4 million to replace the liners in the cell house.

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 fourth quarter of 2009 was $16.9 million compared to $22.3 million in the fourth quarter of 2008. During the fourth quarter of 2009, non-cash working capital increased by $12.8 million. The increase in working capital resulted from increases in accounts receivable and inventory, partially offset by an increase in accounts payable and accrued liabilities. The increases resulted from the higher zinc price during the quarter.

Cash realized from operations, before net change in non-cash working capital items in 2009 was $36.5 million compared to $77.3 million in 2008 as a result of the lower earnings. During 2009, non-cash working capital increased by $8.1 million due to an increase in accounts receivable and inventory which more than offset the increase in accounts payable and accrued liabilities. The increases resulted from the average zinc price rising from US$0.54 in the fourth quarter of 2008 to US$1.00 in the fourth quarter of 2009. The higher zinc price more than offset the 2009 reduction in zinc metal inventories.

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 December 31, 2009 and 2008 is provided below:

($ thousands)	Fourth Quarter		Year-to-date	
	2009	**2008**	**2009**	**2008**
Cash realized from operations	4,026	28,219	28,380	122,340
Less: portion attributable to minority interest	(1,006)	(7,055)	(7,095)	(30,585)
Cash realized from operations attributable to Priority Unitholders (a)	3,020	21,164	21,285	91,755
Capital adjustments:				
Purchase of property, plant and equipment	(5,931)	(11,977)	(23,964)	(28,351)
Proceeds from government assistance	-	-	-	478
Proceeds on sale of property, plant and equipment	2	-	7	193
Accretion on long-term debt	(62)	(62)	(255)	(255)
	(5,991)	(12,039)	(24,212)	(27,935)
Plus: portion of capital adjustments attributable to minority interest	1,498	3,010	6,053	6,984
Capital adjustments attributable to Priority Unitholders (b)	(4,493)	(9,029)	(18,159)	(20,951)
Standardized distributable cash (a) + (b)	(1,473)	12,135	3,126	70,804
Other adjustments including discretionary items:				
Increase/(decrease) in non-cash working capital	12,849	(5,925)	8,070	(45,060)
Decrease/(increase) in operating reserve	(10,884)	2,496	(488)	1,653
Less/(plus) portion of other adjustments attributable to minority interest	(492)	856	(1,896)	10,851
Impact of Ordinary Unit subordination	-	-	1,875	-
Distributions declared to Priority Unitholders	-	9,562	10,687	38,248
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	$(0.04)	$0.32	$0.08	$1.89
Distributions declared per Priority Unit	$-	$0.255	$0.285	$1.02

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 December 31, 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 both its Revolving Facility and its senior secured notes that expire on May 10, 2010 and December 20, 2010, respectively.

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

In the fourth quarter of 2009, standardized distributable cash was $(1.5) 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. At this time, no distributions are being paid.

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.

When management and the board of trustees consider making a distribution decision, they first review the current and prospective performance. Some of the factors considered 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 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 balances 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 financial flexibility and adheres to the Fund's trust indentures and debt covenants. During the fourth quarter of 2009, the notional operating reserve increased by $10.8 million to $17.1 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 December 31, 2009, the notional capital and site restoration reserve was $5.0 million (December 31, 2008 - $5.0 million).

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2009, the Fund's total debt (short-term and long-term) was $207.9 million, up from $196.6 million at the end of December 2008. The Fund's cash and cash equivalents at December 31, 2009 totalled $2.9 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 December 31, 2009 balance sheet was $134 million of which $57.5 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 fourth quarter of 2009, $85.9 million of debt was drawn and $82.4 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 specific 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. For the periods ending December 31, 2009 and March 31, 2010, the leverage ratio must not exceed 5.25 to 1.
- 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 December 31, 2009 and are summarized below:

	December 31, 2009
Leverage ratio [1] (must not exceed 5.25 to 1)	4.3
Interest coverage ratio [1] (must be no less than 3 to 1)	4.4
Current ratio (must be no less than 1 to 1)	1.3

(1) four rolling-quarter average

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 December 31, 2009.

During the fourth quarter, the Fund the Revolving Facility was amended to 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.

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 could 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 also provides 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 interest rate spread increased 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 December 31, 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 December 31, 2009.

During the fourth quarter 2009, the Fund continued discussions with the Revolving Facility syndicate regarding the extension of the Revolving Facility and it expects to come to an agreement prior to the maturity date of May 1, 2010. The Fund expects to approach the Noteholders in the first half of 2010 with the goal of refinancing. The Fund's inability to further extend the Revolving Facility or refinance the Notes may require it to seek additional funding sources. The refinancing may be done at less favourable terms than what currently exist, and it may require that a portion of the debt be paid down. 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.

In December 2009, the Processing Facility was served with a new motion for leave to institute a class action. The motion is expected to go before the courts in 2010. The Manager continues to maintain that the class action suit is unfounded.

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 2010 production, sales, premiums, processing fee and capital expenditures:

Production:	265,000 tonnes
Sales:	265,000 tonnes
Premiums:	4 cents US per pound
Processing fee:	38.5 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 2010 on production, sales, premiums, the 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)

	December 2009	December 2008
ASSETS		
Current assets:		
Cash and cash equivalents	2,895	3,455
Accounts receivable		
Trade	77,126	32,520
Xstrata Canada	8,270	36,583
Commodity hedging instruments	4,409	-
Firm commitments	-	4,773
Inventories	110,875	79,943
Prepaids and other assets	949	2,110
	204,524	159,384
Long-term commodity hedging instrument	1,110	-
Property, plant and equipment	295,756	308,258
	501,390	467,642
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities		
Trade	16,254	22,819
Xstrata Canada	72,477	22,708
Commodity financial instruments	3,587	630
Commodity hedging instruments	-	4,702
Firm commitments	4,112	-
Distributions payable	-	4,250
Debt	207,886	-
	304,316	55,109
Long-term firm commitments	1,111	-
Future tax liability	13,147	13,147
Future site restoration and reclamation	9,006	12,806
Long-term debt	-	196,615
Interests of Ordinary Unitholders	48,619	50,783
Unitholders' Interest:		
Unitholders' equity	191,273	191,273
Deficit	(66,082)	(52,091)
	125,191	139,182
	501,390	467,642

NORANDA INCOME FUND

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

(unaudited)

($ thousands)

	Three months ended Dec. 31		Twelve Months ended Dec. 31	
	2009	**2008**	**2009**	**2008**
Revenues				
Sales	158,816	114,055	483,175	619,770
Transportation and distribution costs	(3,729)	(3,859)	(14,321)	(19,053)
	155,087	110,196	468,854	600,717
Raw material purchase costs	94,073	32,587	253,276	303,155
Revenues less raw material purchase costs	61,014	77,609	215,578	297,562
Other expenses				
Production	41,231	38,664	165,716	175,731
Selling, general and administration	4,455	3,686	17,609	17,964
Foreign exchange loss (gain)	(1,860)	12,636	(9,605)	17,849
Commodity hedging loss (gain)	(293)	326	(224)	(88)
Commodity financial instruments loss (gain)	2,342	1,692	2,957	1,594
Amortization of property, plant and equipment	9,165	7,242	36,021	32,826
Reclamation	305	407	(3,595)	1,153
	55,345	64,653	208,879	247,029
Earnings before interest, minority interest and income tax	5,669	12,956	6,699	50,533
Interest expense, net	3,786	2,938	11,104	13,654
Earnings (loss) before minority interest	1,883	10,018	(4,405)	36,879
Minority interest in earnings for Ordinary Unitholders	471	2,504	(1,101)	9,220
Net earnings (loss) and comprehensive income (loss)	1,412	7,514	(3,304)	27,659
Deficit beginning of period	(67,494)	(50,043)	(52,091)	(41,502)
Distributions to Priority Unitholders	-	(9,562)	(10,687)	(38,248)
Deficit end of period	(66,082)	(52,091)	(66,082)	(52,091)
Net earnings per Priority Unit (basic and diluted)	$ 0.04	$ 0.20	$ (0.09)	$ 0.74
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 Dec. 31		Twelve Months ended Dec. 31	
	2009	**2008**	**2009**	**2008**
Cash realized from (used for) operations:				
Net earnings (loss) for the period	1,412	7,514	(3,304)	27,659
Items not affecting cash:				
Amortization of property, plant and equipment	9,165	7,242	36,021	32,826
Reclamation	305	407	(3,595)	1,153
Minority interest in earnings for Ordinary Unitholders	471	2,504	(1,101)	9,220
Mark-to-market loss (gain) on commodity hedging instruments	(293)	326	(224)	(88)
Mark-to-market loss (gain) on commodity financial instruments	2,342	1,692	2,957	1,594
Change in fair value of embedded derivatives	2,966	1,943	4,290	3,522
Accretion on long-term debt	62	62	255	255
Loss from sale of property, plant and equipment	485	740	1,356	1,616
Site restoration expenditures	(40)	(134)	(205)	(477)
	16,875	22,296	36,450	77,280
Net change in non-cash working capital items	(12,849)	5,923	(8,070)	45,060
	4,026	28,219	28,380	122,340
Cash realized from (used for) investment activities:				
Purchases of property, plant and equipment	(5,931)	(11,977)	(23,964)	(28,351)
Proceeds from Hydro Quebec - incentive	-	-	-	478
Proceeds on sales of property, plant and equipment	2	-	7	193
	(5,929)	(11,977)	(23,957)	(27,680)
Cash realized from (used for) financing activities:				
Distributions - Priority Unitholders	-	(9,562)	(13,874)	(38,248)
- Ordinary Unitholders	-	(3,187)	(2,125)	(12,750)
Long-term debt issued under the Revolving Facility	85,904	43,130	297,263	282,500
Long-term-debt repaid under the Revolving Facility	(82,400)	(46,909)	(286,247)	(326,409)
	3,504	(16,528)	(4,983)	(94,907)
Change in cash and cash equivalents during the period	1,601	(286)	(560)	(247)
Cash and cash equivalents, beginning of period	1,294	3,741	3,455	3,702
Cash and cash equivalents, end of period	2,895	3,455	2,895	3,455