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## Noranda Income Fund reports Q3 results

Thursday, 12 Nov, 2009

The Noranda Income Fund reported a net loss of USD 1.3 million for the Q3 of 2009 compared to net earnings of USD 10.2 million in the same quarter a year ago.

Mr Mario Chapados president and CEO of the Noranda Income Fund's Manager said that "In the Q3 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 Q2 of 2009. The plant operated at 80% capacity during the quarter and this negatively impacted Q3 profitability and cash flow."

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.

### Q3 2009 Highlights

	Q3'09	Q3'08	Change
Zinc metal production	51,871	63,676	-19
Zinc metal sales	65,793	65,459	1

In tonnes

### 9 month Highlights

	YTD'09	YTD'08	Change
Zinc metal production	163,013	195,091	-16.4
Zinc metal sales	178,632	201,463	-11.3

In tonnes

Sulphuric acid netbacks recovered to USD 32 per tonne from the low level of USD 3 per tonne in the Q2. 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 28th 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.

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