



NEWS RELEASE

**NORANDA INCOME FUND AND XSTRATA ZINC ANNOUNCE
EXCLUSIVITY AGREEMENT**

Toronto, Ontario & Madrid Spain, July 30, 2010

Noranda Income Fund (the "Fund") and Xstrata Zinc, through Xstrata Canada Corporation ("Xstrata"), a wholly owned subsidiary of Xstrata plc, announce that on July 28, 2010 they entered into a non-binding letter of intent (the "LOI") with respect to a potential acquisition of the Fund by Xstrata, which was presented to the Fund on July 16. The potential transaction contemplates the acquisition of all of the outstanding Priority Units of the Fund for cash consideration of \$3.40 per Priority Unit, which represented a premium of 33% over the July 15 closing price of the Priority Units on the TSX. Xstrata beneficially owns an effective 25% voting and economic interest in the Fund and manages the Fund's sole operating asset, the CEZinc refinery and processing facility in Québec.

The LOI is non-binding, including in respect of all proposed transaction terms, except for a 30-day minimum "exclusivity period" and certain non-materials matters.

If a definitive agreement were to be reached, the parties would expect to proceed by way of a take-over bid by Xstrata, or one of its affiliates, of all of the outstanding Priority Units of the Fund. Any actual offer by Xstrata would be subject to a number of customary conditions, including the completion of satisfactory due diligence, standard material adverse effect conditions and regulatory approvals and to specific conditions such as the Fund not entering into any transaction or financing with respect to its currently outstanding debt.

Without limitation of the non-binding nature of the LOI, each party's obligation to proceed with the transaction is subject to satisfaction or waiver of the following conditions: (a) negotiation of a mutually satisfactory definitive agreement, (b) approval of the transaction and definitive agreement by the parties' respective boards; and (c) the completion of a formal valuation required under applicable securities legislations.

The Fund cautions that no definitive agreement has been entered into and accordingly no assurance can be given that the process contemplated by the LOI will lead to a definitive agreement relating to the acquisition of the Fund on the terms contemplated by the LOI or otherwise or any other transaction.



The Fund does not intend to make any further announcements or communications regarding this potential transaction until either a definitive agreement has been reached or discussions are terminated without such an agreement being reached.

The previously established independent committee of trustees of Noranda Operating Trust, comprised of Ms. Lisa de Wilde, Chair, and Messrs John C. Eby and Gérard A. Limoges, will among other items, consider the proposed transaction and supervise a valuation of the Fund's Priority Units in accordance with applicable securities legislation. The independent committee has retained Canaccord Genuity Corp. to prepare the required independent valuation. Gryphon Partners is acting as the committee's financial advisor and Heenan Blaikie LLP is acting as the committee's legal advisor.

RBC Capital Markets is acting as financial advisor to Xstrata and Davies Ward Phillips & Vineberg LLP is acting as legal advisor to Xstrata in relation to the proposed transaction.

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, Quebec. 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

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