



## NEWS RELEASE

### **XSTRATA CANADA COMMENTS ON ANNOUNCEMENT BY NORANDA INCOME FUND**

Toronto, November 4, 2010

Xstrata Canada ("Xstrata") notes the press release issued by the Independent Committee of the Noranda Income Fund announcing the withdrawal by Clearwater Capital Management Inc. and West Face Capital Inc. of a requisition for a special meeting of unitholders of the Noranda Income Fund as well as the letter agreement between the Independent Committee, Clearwater and West Face which has been posted on SEDAR.

Xstrata welcomes the resolution of the uncertainty surrounding the Independent Trustees of the Fund and the withdrawal of the dissident unitholders' requisition for a unitholders meeting called for November 15, 2010.

However, Xstrata has a number of serious concerns with the letter agreement and press release, which Xstrata raised with the Independent Committee prior to the Board meeting on November 2 at which the Independent Committee approved the execution of the letter agreement:

1. The Independent Committee give overly ambitious commitments in paragraphs 1(a), 1(e), 1(f), 1(g) and 2 to the dissident unitholders, which may ultimately not be achievable. We see no reason for these commitments to be given by the Independent Committee, as they may set the Fund on an imprudent course in uncertain economic environments.
2. Paragraph 1(g) singles out Xstrata but not other related parties, such as the dissident unitholders themselves. Furthermore, Xstrata is under no obligation to provide credit support to the Fund in respect of the refinancing activities and is unlikely to do so in the absence of acceptable terms of the refinancing and comfort with the long-term solvency of the Fund, including provision for sustaining capital and rehabilitation costs.
3. Xstrata resents any wording which implies that in the absence of the actions by the dissident unitholders, the Independent Committee might not have otherwise acted properly in the best interests of the Fund, including by being susceptible to improper influence from Xstrata. In its role as manager of the Fund, Xstrata has acted and always will act in the best interests of all unitholders.

4. Xstrata finds wholly inappropriate the payment of up to \$400,000 in out-of-pocket expenses by the Fund to Clearwater and West Face relating to their costs of the requisition, effectively favouring one unitholder at the expense of others.

Despite these serious concerns relating to the letter agreement, Xstrata will continue to work with the Independent Committee in the long-term interest of all unitholders of the Fund.

Xstrata also wishes to clarify for the benefit of the Independent Committee and the Fund's unitholders that it does not intend to return with an offer for the priority units of the Fund, and, in accordance with recent public presentations of its Zinc strategy, has no plans to invest in the expansion of the CEZinc processing facility.

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**Xstrata Canada**

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