



**Brandon Sodium Chlorate Plant
PUB Presentation**

Dale Bossons
Plant Manager
January 15, 2013



1

Who are we?



- Canexus is a Canadian chemical manufacturing and handling company serving customers for more than half a century. We pride ourselves on efficient low-cost operations, strategic growth, quality service and a commitment to Responsible Care® through safe, sustainable operating practices.
- The Brandon Sodium Chlorate Plant is the flagship of Canexus and is the largest, low cost sodium chlorate plant in North America.

Responsible Care



Our Values and Ethics

Responsible Care® has been a cornerstone of our reputation since 1994 when we became one of the first chemical companies to be verified. We continue to be a leader and seek to improve in all areas of safety and environmental performance.

Responsible Care is the basis for the values and ethics under which we conduct our business.

3

Brandon Plant



Our Community

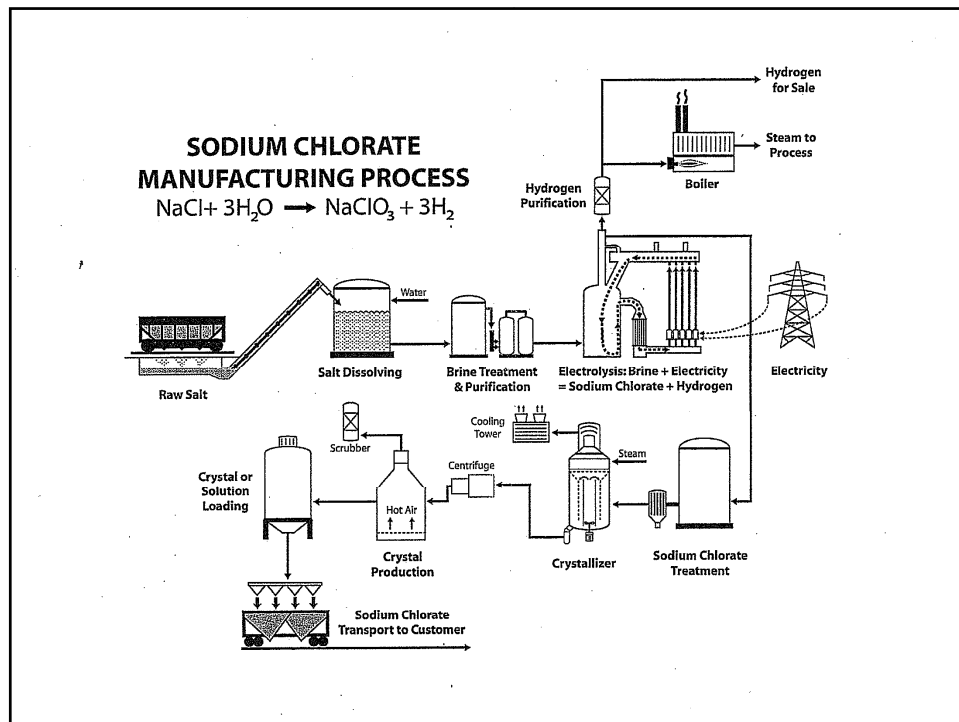


- Canexus continues to enjoy a strong relationship with the City of Brandon.
- \$7,400,000 employee payroll.
- Spending of over \$60,000,000 to Manitoba businesses for materials and services.
- Contribution of over \$2,000,000 in taxes.
- Donations and sponsorships of local organization in excess of \$150,000

Our Business



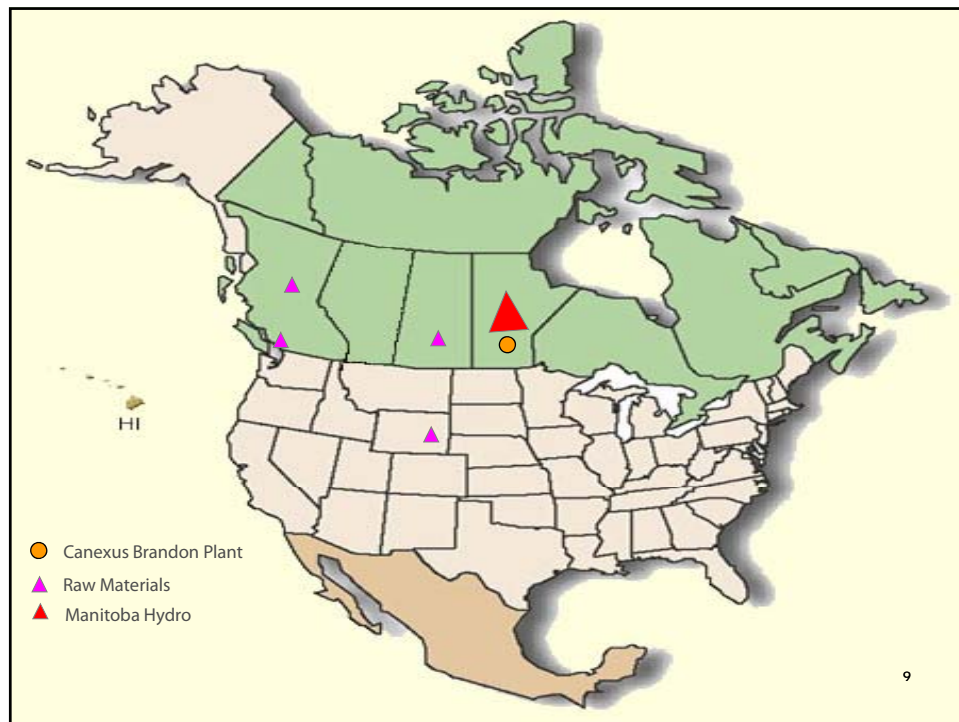
- Canexus, as well as all other Chlorate producers utilize an electrolytic process.
- Electricity accounts for approximately 65-70% of variable costs.
- Salt is the next most costly raw material and accounts for approximately 18% of our variable costs.
- The balance of our raw materials make up the remainder of the variable costs.



Raw Materials



- Salt - Residue of the Potash Industry
 - Approx. 1800 railcars/year
- Caustic - Manufactured at our Vancouver Facility
 - Approx. 160 railcars/year
- Chlorine - Manufactured at our Vancouver Facility
 - Approx. 75 railcars/year
- Hydrogen Peroxide - Manufactured in British Columbia
 - Approx. 45 trucks/year
- Soda Ash - Manufactured in Wyoming
 - Approx. 20 trucks/year



Transportation



- All Brandon Chlorate product is shipped by rail
 - Approx. 3300 railcars/year
 - All product is shipped out of province.
 - 50% of our customers are an average of 3100 kms away.
- Salt supply is transported by rail from out of province.

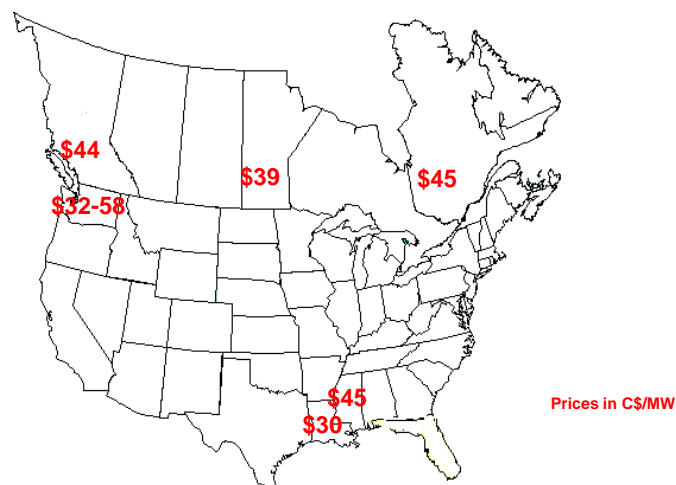
Large distances to market create a significant disadvantage for us!

Competitiveness



- Chlorate Competitiveness is determined by three key considerations:
 - Power price, stability and availability
 - Salt price and availability
 - Transportation to markets
- Of the three, power is the most important due to the large volumes required for electrolysis.
- In the past, decision making regarding investment and growth has been supported by Manitoba power pricing.

Electricity Prices of Key End Markets



Comparison



End Markets	Power Prices (C\$/MW)	Manitoba Power Price Advantage (+) / Disadvantage (-) (C\$/MT)	Manitoba Freight Disadvantage (C\$/MT)
Manitoba	39	n/a	n/a
Louisiana	30	- 48	-60
Georgia	45	32	-60
British Columbia	44	27	-50
Quebec	45	32	-50

Importance of Power Pricing



- A 3.5% price increase is a \$2,000,000 increase to our annual cost.
- Annual price increase of 3.5% equates to over a \$24,000,000 cost over the next 5 years.
- Has a significant impact on decision making regarding future growth.

Partnerships



- Canexus is one of Hydro's largest DSM customers:
 - Can supply Manitoba Hydro with 168 MW's of short notice curtailment
 - Canexus and Manitoba Hydro have worked well together to make this a win/win program for both parties.

Partnerships



- Canexus has strong history of working closely and co-cooperatively with Manitoba Hydro and values our positive relationship.
- Appreciate the opportunity to present our concerns in regards to changes to the rate structure.