



**Brandon Sodium Chlorate Plant
PUB Presentation**

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- 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.

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.

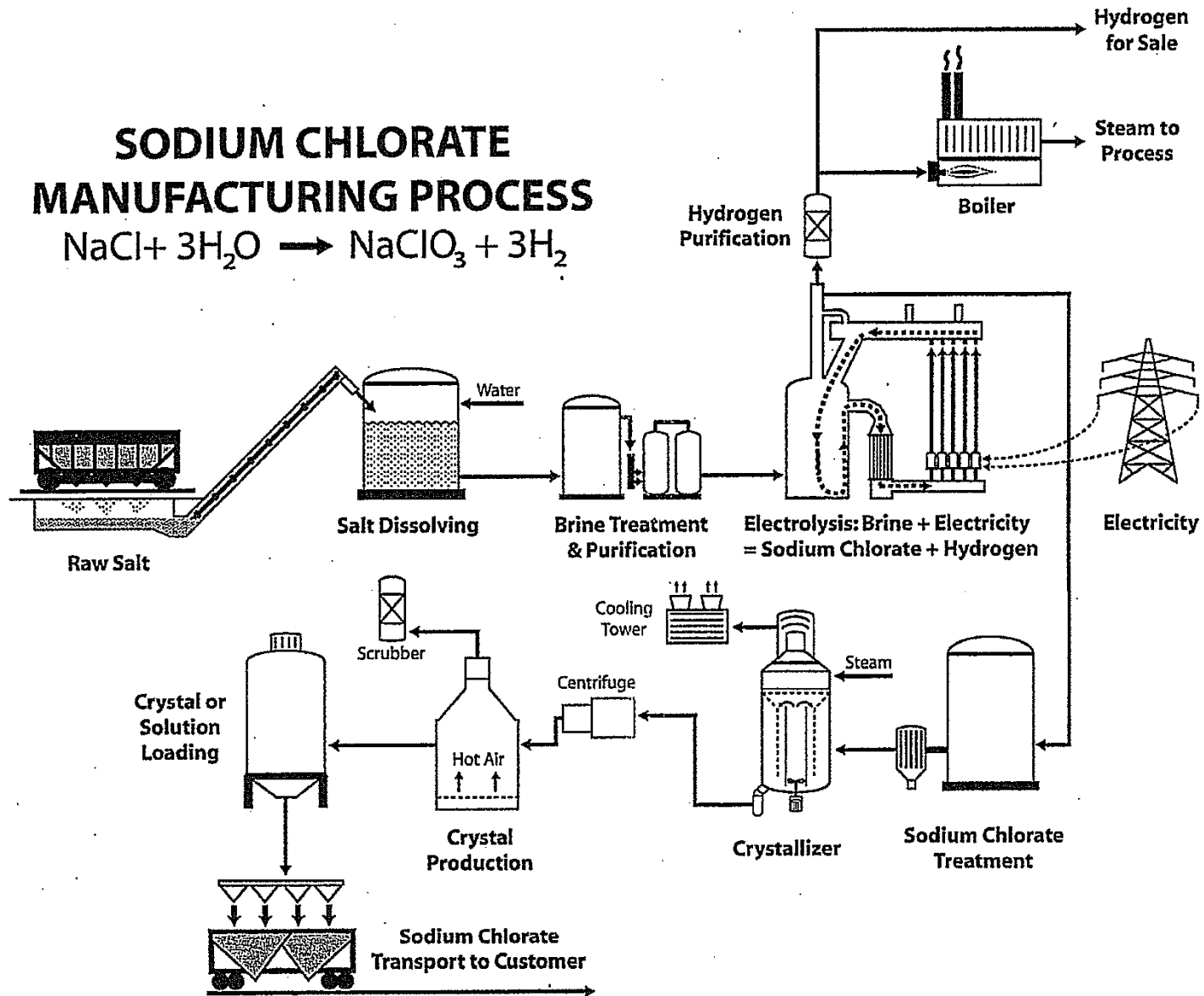
Brandon Plant



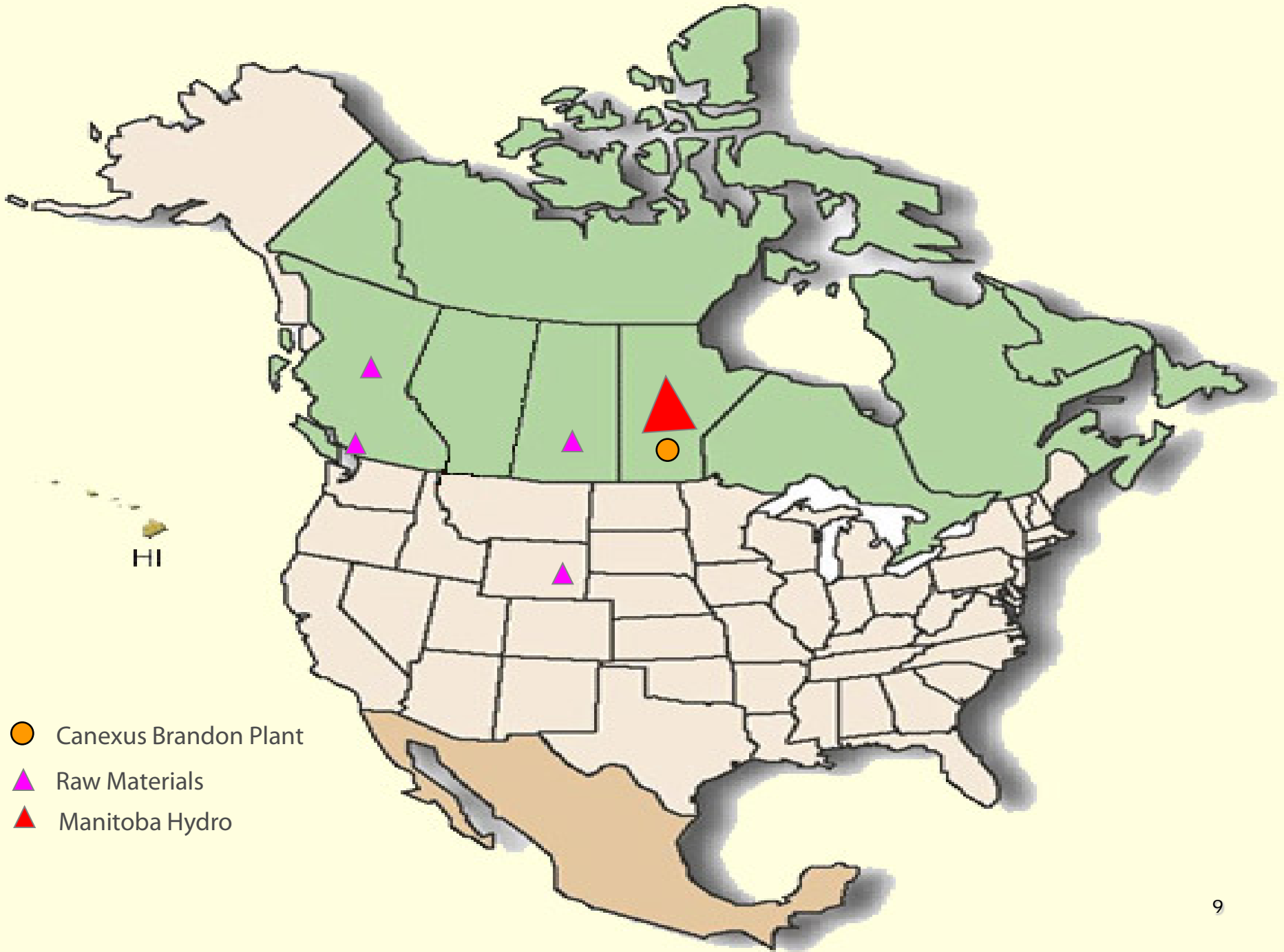
- Canexus continues to enjoy a strong relationship with the City of Brandon.
- \$7,500,000 employee payroll.
- Spending of over \$60,000,000 for materials and services.
- Contribution of over \$5,000,000 in taxes.
- Donations and sponsorships of local organization in excess of \$160,000

- 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.

SODIUM CHLORATE MANUFACTURING PROCESS



- 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



- Canexus Brandon Plant
- ▲ Raw Materials
- ▲ Manitoba Hydro

- 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!

- 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.

- Annual power cost paid to Manitoba Hydro is over \$60M.
- A 4.0% price increase is a \$2,400,000 increase to our annual cost.
- Annual price increase of 4.0% equates to over a \$13,000,000 cost over the next 5 years.
- Has a significant impact on decision making regarding future growth.
 - \$200 Million over last 10 years
 - \$8 Million transmission line
 - Future Growth \$70-120 Million identified but impact of rate increases put this in jeopardy

- 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.

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