Canexus Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2014

Management's Discussion and Analysis

The following management's discussion and analysis of financial condition and results of operations ("MD&A") is prepared as of March 12, 2015. This MD&A should be read in conjunction with:

- the audited consolidated financial statements (the "consolidated financial statements") of Canexus Corporation (the "Corporation", "Canexus", "we" or "our") and the notes thereto as at and for the year ended December 31, 2014 prepared in accordance with International Financial Reporting Standards ("IFRS") representing generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada which are included in this report; and
- the audited consolidated financial statements of the Corporation and the notes thereto as at and for the year ended December 31, 2013 prepared in accordance with IFRS which are available on the SEDAR website at www.sedar.com.

The Corporation was incorporated on March 17, 2011 under the *Business Corporations Act* (Alberta). The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol CUS. The head office and principal business office of the Corporation are located in Calgary, Alberta.

The Corporation, through its subsidiaries, produces sodium chlorate and chlor-alkali products in four facilities located in Canada and two facilities located at one site in Brazil, largely for the pulp and paper and water treatment industries. The Corporation also provides fee-for-service hydrocarbon transloading services to the oil industry from its terminal at Bruderheim, Alberta.

The Corporation has Canadian sodium chlorate production facilities located in Beauharnois, Quebec; Brandon, Manitoba and Nanaimo, British Columbia; and a chlor-alkali production facility located in North Vancouver, British Columbia and a South American sodium chlorate and chlor-alkali production facility located in Espirito Santo, Brazil.

This MD&A contains forward-looking statements and information. Please see "Forward-Looking Statements and Information" on page 33 for a discussion of the risks, uncertainties and assumptions relating to these statements.

The selected financial information and discussion below also refers to certain measures to assist in assessing financial performance. These "Non-GAAP Measures" such as "earnings before interest, income taxes, depreciation and amortization" ("EBITDA"), "Cash Operating Profit (Loss)", "Cash Operating Profit (Loss) Percentage" and "Distributable Cash" and "Additional GAAP Measures" such as "Operating Profit", should not be construed as alternatives to net income or loss or other comparable measures determined in accordance with IFRS as an indicator of performance or as a measure of liquidity and cash flow. Non-GAAP and Additional GAAP measures do not have standard meanings prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers. See "Non-GAAP and Additional GAAP Measures" on page 34 for a definition of each measure used.

Unless otherwise noted, all dollar amounts are in Canadian ("CAD") dollars and all tabular amounts are in thousands of CAD dollars.

Additional information relating to the Corporation, including the Corporation's Annual Information Form, is available on the Corporation's profile on the SEDAR website at www.sedar.com.

Highlights

	Three Months Ended December 31		Year Ended December 31	
	2014	2013	2014	2013
Sodium Chlorate Sales Volume (000's Metric Tonnes ("MT"))	106	107	424	422
Chlor-alkali Sales Volume (000's Metric Electrochemical Units ("MECU"))	48	59	223	236
Diluted Bitumen and Crude Oil ("DBCO") Transload Volumes (Railcars)	1,769	2,561	10,749	9,700
Unit Train Transload Volumes (Railcars)	3,196	155	9,475	155
Sales Revenue	142,676	139,811	570,873	552,961
Cash Operating Profit [(1)]	20,681	24,597	89,033	101,537
Cash Operating Profit Percentage [(1)]	14%	18%	16%	18%
Distributable Cash [(1)]	5,069	11,684	30,998	54,071

Note:

(1) *See Non-GAAP and Additional GAAP Measures on page 34.*

See "Reconciliation of Cash Operating Profit to Distributable Cash" for the three months and years ended December 31, 2014 and 2013 on page 5.

- Cash Operating Profit was $89 million for the year ended December 31, 2014 ($101.5 million for the year ended December 31, 2013). Our 2014 results reflect lower realized netback prices and higher costs in the North American Sodium Chlorate business; record performance in Brazil; a Cash Operating Loss at our North American Terminal Operations ("NATO") due to the closure of the unit train operation for three months for construction followed by re-commissioning of the expanded facility, as well as, lower manifest transload volumes in the second half of 2014; and higher costs for severance and inventory write-downs. Cash Operating Profit was $20.7 million for the three months ended December 31, 2014 (three months ended September 30, 2014 - $16.9 million; three months ended December 31, 2013 - $24.6 million). Cash Operating Profit for the fourth quarter was negatively affected by $1.8 million of materials and supplies inventory write-downs and $1.6 million of severance.
- The Board of Directors declared a quarterly dividend of $0.01 per common share payable April 15, 2015 to shareholders of record on March 31, 2015. This significant reduction in the quarterly dividend from the previous level of $0.10 per common share will result in the Corporation retaining an incremental $67 million annually to reduce debt and fund committed capital expenditures. Other initiatives to reduce debt and enhance liquidity include the Business Improvement Program ("BIP") and the potential sale of NATO or other assets, both of these initiatives are discussed further below.
- Canexus is initiating a BIP across the entire organization. This program is expected to deliver ongoing benefits from cost reduction and improved plant uptime of $10 to $15 million annually. The full benefit is expected to be realized in 2016 and future years. Additionally, we expect to lower our investment in normalized working capital by not less than $10 million and to contain maintenance capital spending in future years to not more than $25 million (running average over a three year period) while improving operating reliability and manufacturing conversion efficiency. Executive compensation will be held at 2014 levels and cash retainers to Board members have been reduced 10 percent.
- Canexus continues to hold discussions with several interested North American parties regarding the potential sale of NATO. The recent turmoil in oil markets has affected both the number of interested parties and indications of value for this asset. We continue to see interest expressed in certain of our chemicals assets and in January, we engaged a financial advisor to explore the potential sale of our North American chlor-alkali business at North Vancouver. There is no assurance that a transaction for either or both of these assets, if pursued, will be concluded.
- Canexus recorded $295 million of non-cash impairment charges in the fourth quarter. Impairment charges were recorded on the NATO manifest transloading facility of $145 million as well as the NATO unit train facility of $58 million, primarily related to lower than expected Operating Profit and higher construction costs (final expected cost of the unit train facility is approximately $356 million, consistent with previous estimates). The remaining net book value of our NATO facilities at year end was approximately $310 million. Impairment charges were also recorded on our North American Chlor-Alkali

(“NACA”) facility at North Vancouver of $77 million due to prolonged lower netback pricing for chlorine and caustic soda, and expectations for reduced demand and pricing for hydrochloric acid (“HCl”) due to lower oil and gas industry drilling activity. The remaining net book value of our NACA facility was approximately $292 million at year end. Finally, we impaired an energy efficiency project at our Nanaimo sodium chlorate plant ($6 million) and calcium chloride technology licenses and associated capitalized costs ($9.2 million) in the fourth quarter.

- Canexus' North American sodium chlorate business posted solid performance in the fourth quarter. Cash Operating Profit was $13.8 million (three months ended September 30, 2014 - $14.5 million; three months ended December 31, 2013 - $14.4 million) after absorbing $1.3 million of materials and supplies inventory write-downs. A full-year production record of approximately 308,000 MT's was set at our industry-leading, low-cost Brandon plant in 2014 and production is expected to increase to approximately 316,000 MT's in 2015. The Corporation continues to analyze de-bottleneck opportunities at Brandon for future expansions. North American sodium chlorate industry operating rates are expected to remain in the low 90 percent range in 2015, assuming no capacity rationalization. This business unit is currently benefitting from the devaluation of the Canadian dollar relative to the US dollar, with approximately two-thirds of our sales volumes exported to the US.
- Canexus' North American chlor-alkali business generated $7.4 million in Cash Operating Profit for the quarter (three months ended September 30, 2014 - $4.5 million; three months ended December 31, 2013 - $5.7 million) including a $2 million final contract settlement relating to an obligation to purchase HCl. Full-year results benefitted by $5 million from this settlement. Production volumes continued to be affected by the premature degradation of anode coatings in some of the electrolytic cells as well as the planned maintenance shutdown that carried into October. The plant is currently operating at approximately 82 percent of practical capacity and we expect to return to full operating rates by mid-2015. Caustic soda prices moderated somewhat entering 2015, however NE Asia spot prices are showing some improvement in March which should be positive for Canexus. HCl demand from the oil and gas industry continued to be relatively strong in January, however the dramatic drop in drilling activity started to affect both demand and pricing in February, making future predictions for HCl demand from this end use segment extremely challenging. Non-oil and gas end use market demand for HCl is stable. Chlorine netbacks have shown recent improvement and our railcar fleet has some additional capacity to increase chlorine shipments depending on demand.
- Canexus' Brazil operations generated record Cash Operating Profit of $26.1 million in 2014. Brazil's operations continue to be highly stable with our primary customer running at high rates resulting in strong demand for our products which are sold under a long-term fixed US dollar margin contract.
- At the NATO unit train facility, construction to further increase loading capacity and connect this facility to the Cold Lake pipeline system began in mid-June 2014 and was completed in mid-September. With the re-commissioning and start-up of the expanded facility completed, the Corporation resumed operations in September. Since then, Canexus has experienced significant improvements in unit train loading times and is now consistently loading unit trains in 17 hours or less. We recently loaded a unit train in under 16 hours (consistent performance at this level could allow Canexus to achieve planned activity levels of 10.5 unit trains per week) and believe loading times can be further reduced without additional capital spending. In conjunction with the BIP initiative, we are actively looking to reduce our cost structure and are exploring options to increase unit train activity levels. At the currently contracted level commencing in the third quarter of 2015 of 5.5 unit trains per week (assuming full nominations), this facility should break even or be slightly positive from a Cash Operating Profit perspective. Nominations for the second quarter of 2015 are lower than expected and Canexus is currently pursuing spot contract opportunities for the second quarter of 2015. We have loaded four unit trains on a spot basis so far in the first quarter and have contracted one additional spot unit train in March.
- Canexus' NATO manifest (truck-to-rail) operations continue to be disappointing from a volume throughput basis. We continue to see operating rates for dilbit and crude oil (“DBCO”) transloading at about one-third of our capacity of 30,000 bbls/day. Steps are underway to reduce our costs to be more aligned with activity levels. The significant railcar storage capabilities associated with the manifest facility provide a unique opportunity for Canexus' manifest customers to capture unit train shipment economics. During the fourth quarter, the manifest operation loaded and assembled seven unit trains for customers and is scheduled to load and assemble eleven unit trains in the first quarter of 2015.

Summary Performance Review

Cash Operating Profit of $89 million for the year ended December 31, 2014 was 12 percent lower than the $101.5 million generated for the year ended December 31, 2013. While our NATO business saw significant revenue growth in 2014 with the commencement of unit train operations, this improvement was more than offset by significant challenges in the period with the shutdown of unit train operations for three months, the loss of a significant unit train contract, lower manifest transload volumes in the second half of 2014 and higher than expected fixed costs. Cash Operating Profit in both our South America and North America chlor-alkali businesses improved year over year in spite of our North America chlor-alkali production facility operating at lower rates as a result of the premature degradation of anode coatings in some of the electrolytic cells.

While production and sales volumes increased, Cash Operating Profit for our North America sodium chlorate business unit decreased by 10 percent over the year ended December 31, 2013 to $55.6 million for the year ended December 31, 2014 as a result of lower realized netback prices (two percent), higher electricity and fixed costs including a write-down of materials and supplies inventory of $1.3 million during the year.

Our North America chlor-alkali business unit contributed Cash Operating Profit of $27 million for the year ended December 31, 2014 as compared to $25.7 million for the year ended December 31, 2013. Cash Operating Profit benefitted from the settlement of a contractual obligation to purchase HCl which contributed $5 million and more than offset lower production related to the premature degradation of anode coatings noted above and an extended planned maintenance shutdown which combined to increase both fixed and purchased product costs.

Cash Operating Profit from our South America business unit was $26.1 million for the year ended December 31, 2014 as compared to $21.1 million for the year ended December 31, 2013 as a result of higher chlor-alkali MECU production and sales volumes and lower fixed and general and administrative expenses. Cash Operating Profit also benefited from the weaker Canadian dollar in 2014 as most of this business unit's revenue is generated under a long-term fixed US dollar margin contract.

Cash Operating Loss from our NATO business unit was $6.3 million for the year ended December 31, 2014 as compared to Cash Operating Profit of $0.4 million for the year ended December 31, 2013. The planned shutdown of unit train operations at NATO to tie-in the Cold Lake pipeline system and increase capacity at the site negatively impacted the business unit's ability to generate Cash Operating Profit. Additionally, upon completion of the pipeline connections, the Corporation became responsible for the payment of pipeline fixed fees and other related costs which significantly increased fixed costs in the year.

Capital expenditures for the year ended December 31, 2014 were $154.8 million as compared to $304.2 million for the year ended December 31, 2013. The decrease in capital expenditures was primarily due to lower spending at our NATO transloading facility.

Reconciliation of Cash Operating Profit to Distributable Cash

	Three Months Ended December 31		Year Ended December 31	
CAD thousands	2014	2013	2014	2013
Cash Operating Profit [1]	20,681	24,597	89,033	101,537
Interest Expense [2]	(6,191)	(3,292)	(20,043)	(12,250)
Realized Foreign Currency Translation Losses	(1,022)	(136)	(11,506)	(2,642)
Maintenance Capital Expenditures	(9,203)	(8,440)	(23,130)	(25,817)
Provision for Current Income Taxes	(42)	(669)	(3,143)	(3,903)
Cumulative Pension Funding (in Excess of) Lower than Cumulative Pension Expense	726	(438)	(215)	(2,342)
Cash Settled Share-based Compensation	(202)	-	(259)	-
Severance Costs	1,237	-	2,206	(274)
Other	(915)	62	(1,945)	(238)
Distributable Cash [1]	5,069	11,684	30,998	54,071

Reconciliation of Net Cash Generated from (Used in) Operating Activities to Distributable Cash

	Three Months Ended December 31		Year Ended December 31	
CAD thousands	2014	2013	2014	2013
Net Cash Generated from Operating Activities	(11,985)	11,942	12,644	77,221
Change in Non-Cash Operating Working Capital	19,332	5,675	35,915	240
Non-Cash Change in Income Taxes Payable and Interest Payable	5,657	2,553	3,984	1,860
Interest Income	199	67	417	526
Maintenance Capital Expenditures	(9,203)	(8,440)	(23,130)	(25,817)
Severance Costs	1,237	-	2,206	(274)
Operating Non-Cash Items [3]	(168)	(113)	(1,038)	315
Distributable Cash [1]	5,069	11,684	30,998	54,071

Notes:

(1) *See Non-GAAP and Additional GAAP Measures on page 34.*

(2) *Excluding amortization of transaction costs of the Credit Facility and Senior Secured Notes (see "Capital Resources" beginning on page 18), net interest cost on net defined benefit plan liabilities and accretion of provisions.*

(3) *Operating non-cash items represent items such as the timing of recognition of: (i) pension funding and pension expense, and (ii) the cost of foreign exchange option contracts. Pension expense is added back to and pension funding deducted from net cash generated from operating activities. Distributable Cash is reduced/increased by cumulative pension funding in excess of/lower than cumulative pension expense. The cost of foreign exchange option contracts is recognized as a decrease in net cash generated from operating activities in the period purchased. For purposes of calculating Distributable Cash, the cost is recognized as a decrease in Distributable Cash over the term of the foreign exchange option contracts.*

Operating Segment Results

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

North America Sodium Chlorate

	Year Ended December 31	
CAD thousands, except as noted	2014	2013
Sodium Chlorate Sales Volume (000's MT)	365	360
Sales Revenue		
Total Segment	233,427	233,155
Inter-Segment [3]	349	1,318
Total Sales Revenue From External Customers	233,078	231,837
Cost of Sales	144,990	140,321
Distribution, Selling and Marketing	33,688	31,363
General and Administrative [2]	11,913	11,421
Operating Profit [1]	42,487	48,732
Add:		
Depreciation and Amortization included in Cost of Sales	13,082	13,102
Cash Operating Profit [1]	55,569	61,834
Cash Operating Profit Percentage [1]	24%	27%
Capital Expenditures		
Maintenance	5,890	10,392
Continuous Improvement	1,164	1,726
Expansion	3,316	590
Total	10,370	12,708

Notes:

(1) *See Non-GAAP and Additional GAAP Measures on page 34.*

(2) *North America general and administrative expenses are for functional areas such as human resources, finance, information technology and legal and are allocated to the NATO operating segment based on an assessment of the level of support provided and to the other North American operating segments based on their respective practical production capacities.*

(3) *The North America Sodium Chlorate operating segment (i) sells sodium chlorate at market rates to the South America operating segment, and (ii) provides transloading services at market rates to the NACA operating segment for caustic soda transloaded from barges into trucks for delivery to NACA customers, that are eliminated for financial reporting purposes.*

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Sales revenue for the North America sodium chlorate segment increased one percent to $233.1 million for the year ended December 31, 2014 from $231.8 million for the year ended December 31, 2013 as a result of a one percent increase in sales volumes more than offsetting lower realized prices. Cash Operating Profit Percentage decreased to 24 percent from 27 percent primarily as a result of higher electricity rates and fixed costs which more than offset higher production volumes and lower salt costs at our low-cost Brandon facility, lower natural gas consumption and lower purchased product costs. Fixed costs were higher due to a $1.3 million write-down of materials and supplies inventory in the fourth quarter. See "Capital Expenditures" beginning on page 23.

North America Chlor-alkali

	Year Ended December 31	
CAD thousands, except as noted	2014	2013
Chlor-alkali Sales Volume (000's MECU)	176	191
Chlorine (000's MT)	85	125
Hydrochloric Acid (000's wet MT ("WMT"))	257	186
Sales Revenue	212,749	202,766
Cost of Sales	132,107	122,801
Distribution, Selling and Marketing		
Total Segment	65,923	66,014
Inter-Segment	2,579	2,681
Total External Distribution, Selling and Marketing	63,344	63,333
General and Administrative (2)	14,531	13,931
Operating Profit (1)	2,767	2,701
Add:		
Depreciation and Amortization included in Cost of Sales	24,220	23,000
Cash Operating Profit (1)	26,987	25,701
Cash Operating Profit Percentage (1)	13%	13%
Capital Expenditures		
Maintenance	7,192	5,328
Continuous Improvement	10,493	3,225
Expansion	89	18,240
Total	17,774	26,793

Notes:

(1) *See Non-GAAP and Additional GAAP Measures on page 34.*

(2) *North America general and administrative expenses are for functional areas such as human resources, finance, information technology and legal and are allocated to the NATO operating segment based on an assessment of the level of support provided and to the other North American operating segments based on their respective practical production capacities.*

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Sales revenue for the North America chlor-alkali segment increased five percent to $212.7 million for the year ended December 31, 2014 from $202.8 million for the year ended December 31, 2013. Sales revenue and Cash Operating Profit in 2014 were positively impacted by the settlement of a contractual obligation to purchase HCl which contributed $5 million. Sales revenue benefitted from higher HCl sales volumes (38 percent), partially offset by lower HCl realized prices (four percent) and lower chlorine sales volumes (32 percent) and realized prices (eight percent). Cash Operating Profit Percentage remained consistent at 13 percent as higher electricity rates, purchased product costs, natural gas consumption, fixed costs and lower MECU production volumes (seven percent) were offset by the contract settlement previously noted. Fixed costs increased as a result of a longer planned maintenance shutdown in 2014 as compared to 2013. Lower MECU production volumes were a result of the premature degradation of anode coatings in some of the electrolytic cells. See "Capital Expenditures" on page 23.

South America

CAD thousands, except as noted	Year Ended December 31 2014	2013
Sodium Chlorate Sales Volume (000's MT)	59	62
Chlor-alkali Sales Volume (000's MECU)	47	45
Sales Revenue	93,087	97,034
Cost of Sales	73,639	79,394
Distribution, Selling and Marketing	871	708
General and Administrative	3,695	4,093
Operating Profit [(1)]	14,882	12,839
Add:		
Depreciation and Amortization included in Cost of Sales	11,108	8,228
Depreciation and Amortization included in General and Administrative	66	77
Cash Operating Profit [(1)]	26,056	21,144
Cash Operating Profit Percentage [(1)]	28%	22%
Capital Expenditures		
Maintenance	8,740	9,121
Continuous Improvement	798	1,024
Total	9,538	10,145

Note:

(1) *See Non-GAAP and Additional GAAP Measures on page 34.*

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Sales revenue for the South America segment decreased four percent to $93.1 million for the year ended December 31, 2014 from $97 million for the year ended December 31, 2013. The decrease in sales revenue was primarily due to lower sodium chlorate sales volumes (four percent) and lower sodium chlorate (seven percent) and caustic soda (four percent) realized prices, partially offset by higher sodium hypochlorite (17 percent), caustic soda (two percent) and HCl (three percent) sales volumes and higher sodium hypochlorite realized prices (eight percent). Lower electricity costs resulted in lower sodium chlorate and caustic soda realized prices due to the pass through nature of our fixed US dollar margin contract with our major customer. Cash Operating Profit Percentage increased to 28 percent from 22 percent as a result of higher MECU and sodium chlorate production volumes, lower fixed costs and lower general and administrative expense, partially offset by higher salt costs. Cash Operating Profit also benefitted from the weaker Canadian dollar in 2014 as most of this business unit's revenue is generated under the fixed US dollar margin contract noted above. See "Capital Expenditures" on page 23.

NATO

CAD thousands, except as noted	Year Ended December 31 2014	2013
Transload Volumes (Railcars)		
DBCO [(4)]	10,749	9,700
Unit Train [(4)]	9,475	155
Other Hydrocarbon Products	1,100	1,345
Chlor-alkali Products [(1)]	984	892
Sales Revenue		
Total Segment	34,189	23,664
Inter-Segment [(1)]	2,230	2,340
Total Sales Revenue From External Customers	31,959	21,324
Cost of Sales	47,757	19,293
Distribution, Selling and Marketing	5,868	5,504
General and Administrative [(3)]	567	543
Operating Loss [(2)]	(22,233)	(4,016)
Add:		
Depreciation and Amortization included in Cost of Sales	15,923	4,422
Cash Operating Profit (Loss) [(2)]	(6,310)	406
Cash Operating Profit (Loss) Percentage [(2)]	(20%)	2%
Capital Expenditures		
Maintenance	774	11
Continuous Improvement	22	98
Expansion	115,750	249,621
Total	116,546	249,730

Notes:

(1) NATO charges transloading fees (approximating market rates charged by third party terminals) to the NACA operating segment, for HCl and caustic soda transloaded from railcars into trucks for delivery to NACA customers, that are eliminated for financial reporting purposes.

(2) See Non-GAAP and Additional GAAP Measures on page 34.

(3) North America general and administrative expenses are for functional areas such as human resources, finance, information technology and legal and are allocated to the NATO operating segment based on an assessment of the level of support provided and to the other North American operating segments based on their respective practical production capacities.

(4) DBCO and Unit Train transload volumes include both physical transload volumes and unfulfilled take-or-pay minimum volume commitments.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Cash Operating Loss for the year ended December 31, 2014 was $4.1 million, as compared to Cash Operating Profit of $2.7 million for the year ended December 31, 2013 (inclusive of transloading services for inter-segment chlor-alkali products of $2.2 million and $2.3 million, respectively). External sales revenue increased 50 percent for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily as a result of the commencement of unit train operations in mid-December 2013 but was negatively impacted by the planned construction shutdown (mid-June to mid-September) to increase unit train loading capacity and connect the facility to the Cold Lake pipeline system. Cash cost of sales (cost of sales before depreciation and amortization) comprise employee costs, pipeline fixed fees and other costs of operating the NATO terminal at Bruderheim. The increase in cash cost of sales ($17 million) for the year ended December 31, 2014, as compared to the year ended December 31, 2013, was primarily due to the commencement of unit train operations noted above and the completion of the pipeline lateral off the Cold Lake pipeline system from Beaverhill Station to Lamont Station at the beginning of July; at which time, Canexus became responsible for pipeline fixed fee and other costs associated with the connection. See "Capital Expenditures" on page 23.

Three Months Ended December 31, 2014 Compared to Three Months Ended September 30, 2014 and December 31, 2013

North America Sodium Chlorate

	Three Months Ended		
CAD thousands, except as noted	December 31, 2014	September 30, 2014	December 31, 2013
Sodium Chlorate Sales Volume (000's MT)	93	95	93
Sales Revenue			
Total Segment	60,195	60,339	60,076
Inter-Segment [(3)]	93	84	608
Total Sales Revenue From External Customers	60,102	60,255	59,468
Cost of Sales	38,232	37,305	37,078
Distribution, Selling and Marketing	8,466	8,780	8,163
General and Administrative [(2)]	3,023	3,033	3,052
Operating Profit [(1)]	10,381	11,137	11,175
Add:			
Depreciation and Amortization included in Cost of Sales	3,371	3,332	3,272
Cash Operating Profit [(1)]	13,752	14,469	14,447
Cash Operating Profit Percentage [(1)]	23%	24%	24%
Capital Expenditures			
Maintenance	2,506	831	4,609
Continuous Improvement	43	49	377
Expansion	562	1,900	16
Total	3,111	2,780	5,002

Notes:

(1) *See Non-GAAP and Additional GAAP Measures on page 34.*

(2) *North America general and administrative expenses are for functional areas such as human resources, finance, information technology and legal and are allocated to the NATO operating segment based on an assessment of the level of support provided and to the other North American operating segments based on their respective practical production capacities.*

(3) *The North America Sodium Chlorate operating segment (i) sells sodium chlorate at market rates to the South America operating segment, and (ii) provides transloading services at market rates to the NACA operating segment for caustic soda transloaded from barges into trucks for delivery to NACA customers, that are eliminated for financial reporting purposes.*

Three Months Ended December 31, 2014 Compared to Three Months Ended September 30, 2014

Sales revenue for the North America sodium chlorate segment decreased slightly to $60.1 million for the three months ended December 31, 2014 as compared to $60.3 million for the three months ended September 30, 2014 primarily as a result of lower sales volumes (two percent) being largely offset by higher realized prices (two percent). Cash Operating Profit Percentage decreased from 24 percent to 23 percent primarily as a result of slightly higher salt and fixed costs, partially offset by higher production volumes. Fixed costs were higher due to a $1.3 million write-down of materials and supplies inventory in the fourth quarter. See "Capital Expenditures" on page 24.

Three Months Ended December 31, 2014 Compared to Three Months Ended December 31, 2013

Sales revenue for the North America sodium chlorate segment increased one percent to $60.1 million for the three months ended December 31, 2014 as compared to $59.5 million for the three months ended December 31, 2013 as a result of higher sales volumes (one percent). Cash Operating Profit Percentage decreased from 24 percent to 23 percent as a result of higher electricity rates and fixed costs more than offsetting lower salt costs and slightly higher production volumes. Fixed costs were higher due to the inventory write-down noted in the preceding paragraph. See "Capital Expenditures" on page 25.

North America Chlor-alkali

	Three Months Ended		
CAD thousands, except as noted	December 31, 2014	September 30, 2014	December 31, 2013
Chlor-alkali Sales Volume (000's MECU)	36	43	48
Chlorine (000's MT)	16	19	27
HCl (000's WMT)	58	67	59
Sales Revenue	52,977	54,019	51,432
Cost of Sales	32,977	36,155	31,248
Distribution, Selling and Marketing			
Total Segment	15,574	16,354	17,435
Inter-Segment	677	597	664
Total External Distribution, Selling and Marketing	14,897	15,757	16,771
General and Administrative (2)	3,686	3,701	3,723
Operating Profit (Loss) (1)	1,417	(1,594)	(310)
Add:			
Depreciation and Amortization included in Cost of Sales	6,009	6,122	5,962
Cash Operating Profit (1)	7,426	4,528	5,652
Cash Operating Profit Percentage (1)	14%	8%	11%
Capital Expenditures			
Maintenance	3,703	1,030	566
Continuous Improvement	4,967	2,702	869
Expansion	-	-	1,520
Total	8,670	3,732	2,955

Notes:

(1) *See Non-GAAP and Additional GAAP Measures on page 34.*

(2) *North America general and administrative expenses are for functional areas such as human resources, finance, information technology and legal and are allocated to the NATO operating segment based on an assessment of the level of support provided and to the other North American operating segments based on their respective practical production capacities.*

Three Months Ended December 31, 2014 Compared to Three Months Ended September 30, 2014

Sales revenue for the North America chlor-alkali segment decreased two percent to $53 million for the three months ended December 31, 2014 as compared to $54 million for the three months ended September 30, 2014. Reducing fourth quarter sales revenues were lower HCl (12 percent), chlorine (22 percent) and caustic soda (eight percent) sales volumes, partially offset by higher HCl (22 percent) and chlorine (six percent) realized prices and a $2 million final settlement of a contractual obligation to purchase HCl. Cash Operating Profit Percentage increased from eight percent to 14 percent as a result of higher MECU realized netback prices (seven percent), the HCl settlement noted above and lower salt and fixed costs more than offsetting lower MECU production volumes (five percent) and higher purchased product costs. MECU production volumes were lower as a result of the premature degradation of anode coatings in some of the electrolytic cells. See "Capital Expenditures" on page 24.

Three Months Ended December 31, 2014 Compared to Three Months Ended December 31, 2013

Sales revenue for the North America chlor-alkali segment increased three percent to $53 million for the three months ended December 31, 2014 from $51.4 million for the three months ended December 31, 2013. This increase was due to higher HCl and caustic soda realized prices (48 percent and four percent, respectively) and a $2 million final settlement of a contractual obligation for HCl, partially offset by lower chlorine (43 percent), HCl (two percent) and caustic soda (nine percent) sales volumes. Cash Operating Profit Percentage increased from 11 percent to 14 percent as a result of higher MECU realized netback prices (20 percent), the HCl contract settlement noted above and lower salt costs more than offsetting lower MECU production volumes (21 percent) and higher fixed and purchased product costs. While MECU production volumes were lower as a result of the premature degradation of anode coatings in some of the electrolytic cells, the negative impact on revenues and Cash Operating Profit was minimized as a greater proportion of chlorine produced was converted into higher margin HCl. See "Capital Expenditures" on page 25.

South America

	Three Months Ended		
CAD thousands, except as noted	December 31, 2014	September 30, 2014	December 31, 2013
Sodium Chlorate Sales Volume (000's MT)	13	16	14
Chlor-alkali Sales Volume (000's MECU)	12	11	11
Sales Revenue	21,371	24,025	22,817
Cost of Sales	18,374	20,222	19,220
Distribution, Selling and Marketing	172	211	146
General and Administrative	1,069	1,063	1,033
Operating Profit [(1)]	1,756	2,529	2,418
Add:			
Depreciation and Amortization included in Cost of Sales	4,208	2,283	2,627
Depreciation and Amortization included in General and Administrative	16	15	20
Cash Operating Profit [(1)]	5,980	4,827	5,065
Cash Operating Profit Percentage [(1)]	28%	20%	22%
Capital Expenditures			
Maintenance	2,375	2,100	3,185
Continuous Improvement	238	316	454
Total	2,613	2,416	3,639

Note:

(1) *See Non-GAAP and Additional GAAP Measures on page 34.*

Three Months Ended December 31, 2014 Compared to Three Months Ended September 30, 2014

Sales revenue for the South America segment decreased 11 percent to $21.4 million for the three months ended December 31, 2014 from $24 million for the three months ended September 30, 2014. The decrease in sales revenue was primarily due to lower sodium chlorate sales volumes (two percent) and lower sodium chlorate (12 percent) and caustic soda (five percent) realized prices, partially offset by higher caustic soda sales volumes (two percent). Cash Operating Profit Percentage increased to 28 percent from 20 percent as a result of higher MECU production volumes (nine percent) and lower purchased product and fixed costs more than offsetting lower sodium chlorate production volumes (three percent). See "Capital Expenditures" on page 24.

Three Months Ended December 31, 2014 Compared to Three Months Ended December 31, 2013

Sales revenue for the South America segment decreased six percent to $21.4 million for the three months ended December 31, 2014 from $22.8 million for the three months ended December 31, 2013. The decrease in sales revenue was primarily due to lower sodium chlorate sales volumes (three percent) and lower sodium chlorate and caustic soda realized prices (14 percent and seven percent, respectively), partially offset by higher sodium hypochlorite (14 percent) and caustic soda (five percent) sales volumes and higher sodium hypochlorite realized prices (15 percent). Cash Operating Profit Percentage increased to 28 percent from 22 percent as a result of higher MECU (five percent) and sodium chlorate (24 percent) production volumes and a favourable foreign exchange impact resulting from the weakening of both the Brazilian Real and the Canadian dollar as compared to the US dollar, partially offset by higher fixed costs. See "Capital Expenditures" on page 25.

NATO

	Three Months Ended		
CAD thousands, except as noted	December 31, 2014	September 30, 2014	December 31, 2013
Transload Volumes (Railcars)			
DBCO [4]	1,769	2,067	2,561
Unit Train [4]	3,196	297	155
Other Hydrocarbon Products	182	458	161
Chlor-alkali Products [1]	253	237	220
Sales Revenue			
Total Segment	8,810	6,346	6,675
Inter-Segment [1]	584	513	581
Total Sales Revenue From External Customers	8,226	5,833	6,094
Cost of Sales	15,975	13,223	4,975
Distribution, Selling and Marketing	1,258	1,496	1,672
General and Administrative [3]	144	144	145
Operating Loss [2]	(9,151)	(9,030)	(698)
Add:			
Depreciation and Amortization included in Cost of Sales	6,053	3,939	904
Cash Operating (Loss) Profit [2]	(3,098)	(5,091)	206
Cash Operating (Loss) Profit Percentage [2]	(38%)	(87%)	3%
Capital Expenditures			
Maintenance	550	56	-
Continuous Improvement	-	-	98
Expansion	2,036	54,442	106,981
Total	2,586	54,498	107,079

Notes:

(1) NATO charges transloading fees (approximating market rates charged by third party terminals) to the NACA operating segment, for HCl and caustic soda transloaded from railcars into trucks for delivery to NACA customers, that are eliminated for financial reporting purposes.

(2) See Non-GAAP and Additional GAAP Measures on page 34.

(3) North America general and administrative expenses are for functional areas such as human resources, finance, information technology and legal and are allocated to the NATO operating segment based on an assessment of the level of support provided and to the other North American operating segments based on their respective practical production capacities.

(4) DBCO and Unit Train transload volumes include both physical transload volumes and unfulfilled take-or-pay minimum volume commitments.

Three Months Ended December 31, 2014 Compared to Three Months Ended September 30, 2014

Cash Operating Loss for the three months ended December 31, 2014 was $2.5 million as compared to $4.6 million for the three months ended September 30, 2014 (inclusive of transloading services for inter-segment chlor-alkali products of $0.6 million and $0.5 million, respectively). External sales revenue increased 41 percent due to the recommencement of unit train operations in mid-September following the planned construction shutdown (started in mid-June) to further increase loading capacity and connect the facility to the Cold Lake pipeline system. The increase in cash cost of sales ($0.6 million) was primarily due to increased operating costs related to unit train loading activity following the construction shutdown; 31 unit trains were loaded in the fourth quarter as compared to three in the third quarter. See "Capital Expenditures" on page 24.

Three Months Ended December 31, 2014 Compared to Three Months Ended December 31, 2013

Cash Operating Loss for the three months ended December 31, 2014 was $2.5 million as compared to Cash Operating Profit of $0.8 million for the three months ended December 31, 2013 (inclusive of transloading services for inter-segment chlor-alkali products of $0.6 million in each three month period). The increase in external sales revenue of 35 percent was primarily due to the commencement of unit train operations in mid-December 2013. The increase in cash cost of sales was primarily the result of the commencement of unit train operations and the completion of the pipeline lateral off the Cold Lake pipeline system as discussed on page 9. See "Capital Expenditures" on page 25.

General Market Fundamentals

North America Sodium Chlorate

Market estimates suggest that 2014 global pulp demand increased by two percent from 2013 with most of the growth in demand driven by hardwood species which experienced 3.2 percent higher demand than 2013. China continued to fuel global pulp demand growth with a four percent increase over 2013, while North American demand experienced a modest decrease for the same period of 0.4 percent. Combined producer inventory levels have remained flat for the past three months at 34 days. Softwood inventory in December was at 31 days, whereas hardwood inventory was at 36 days. Combined inventory levels are expected to increase over the next quarter due to reduced planned downtime by producers in most northern countries, coupled with seasonally weaker demand for paper products.

For the last quarter of 2014, North American demand for sodium chlorate was stable, and is expected to increase modestly in 2015 as an idle pulp mill is restarted. Year-to-date 2015 North American sodium chlorate exports are within expectations, and will most likely mirror past year's volumes. North American sodium chlorate industry operating rates during 2014 were stable in the low 90 percent range, and are expected to remain at these levels for the first quarter of 2015.

North America Chlor-alkali

The North American chlor-alkali industry operated at 80 percent of capacity in the fourth quarter compared to 86 percent in the third quarter. Consistent with historical results, chlorine demand decreased in the fourth quarter due to lower consumption from the vinyls segment and seasonal factors in the water treatment segment.

HCl supply was constrained in the fourth quarter due to production issues at several burner producers and a major by-product site. HCl demand remained strong due to drilling and hydraulic fracturing activity in the oil and gas industry and the market experienced periods of short supply during the fourth quarter. See the Oil and Gas general market fundamentals section below.

Caustic soda production in North America decreased six percent in the fourth quarter, mirroring the decrease in chlorine industry operating rates compared to the third quarter. In Western Canada, a decline in regional production was offset by increases in Asian imports. Demand in the region remains strong, supported by high operating rates in the pulp and paper sector.

MECU value held flat in the fourth quarter with a modest chlorine increase offsetting erosion in caustic soda pricing. Looking ahead to the first quarter of 2015, MECU prices are expected to remain stable with potential pressure later in the quarter due to the economic impact of significantly lower oil prices.

South America

Brazilian pulp production and exports in 2014 were 8.8 percent and 12.6 percent higher, respectively, than 2013 due to a more balanced market place which saw Brazilian pulp producers experience a price increase in the fourth quarter.

Canexus Brazil experienced slightly lower than expected sodium chlorate demand from its major customer in the fourth quarter but exceeded the anticipated demand for the year.

The Brazilian chlor-alkali industry 2014 capacity utilization rate was 83.7 percent, 0.8 percent higher than the previous year. Canexus Brazil's chlor-alkali capacity utilization rate was 95.6 percent for the same period.

Oil & Gas

During the fourth quarter of 2014, oil prices began a downward trend reaching a yearly low of US$53.27/bbl on December 31, 2014. The differential between Western Canadian Select ("WCS") and West Texas Intermediate ("WTI") also weakened, averaging US$14.24/bbl in the fourth quarter as compared to US$20.18/bbl in the third quarter of 2014. The decrease in oil prices and differentials negatively impacted the demand for crude by rail volumes, however this was partially offset by delays related to pipeline capacity improvements and expansion projects.

As a result of lower oil prices, 2015 capital budgets in the oil and gas industry have been reduced significantly resulting in reduced drilling activity and growth projects in the oil sands but this is not expected to negatively impact production rates. Limited pipeline capacity and strong production rates forecasted for oil sands operations in 2015 will help mitigate the negative impact caused by low oil prices and differentials, however, we do expect some impact on our existing NATO crude by rail transload contracts which do include partial take or pay provisions. In 2015, demand for HCl from the drilling and hydraulic fracturing segment is expected to decrease but will not have a significant impact on activity at NATO as HCl transloading is not a significant source of revenue for NATO.

Liquidity and Capital Resources

Shortfall of Net Cash Generated from (Used In) Operating Activities and Net Income (Loss) Over Dividends Declared

	Three Months Ended December 31		Year Ended December 31	
	2014	2013	2014	2013
Net Cash Generated from (Used in) Operating Activities	(11,985)	11,942	12,644	77,221
Net Income (Loss)	(230,417)	(344)	(249,448)	12,175
Dividends Declared	18,441	20,949	79,715	80,840
Shortfall of Net Cash Generated from (Used in) Operating Activities over Dividends Declared	(30,426)	(9,007)	(67,071)	(3,619)
Shortfall of Net Income (Loss) over Dividends Declared	(248,858)	(21,293)	(329,163)	(68,665)

The Corporation considers the amount of net cash generated from operating activities, the amount of Distributable Cash, outstanding debt and other obligations, the Corporation's solvency requirements under applicable law, and any required funding of maintenance or expansion projects in determining the level of dividends to shareholders.

Net cash generated from operating activities is sensitive to, among other things, sales volumes, selling prices, demand for terminal services, electricity prices, interest rates and foreign currency exchange rates. For a discussion of these risks and their potential impact on net cash generated from operating activities see "Market and Financial Risk Analysis" beginning on page 21.

Three Months and Year Ended December 31, 2014

Dividends declared exceeded net cash used in operating activities for the three months ended December 31, 2014. Higher interest paid and a temporary net increase in non-cash operating working capital, partially offset by lower required contributions to our defined benefit pension plan resulted in negative cash flow from operating activities for the three months ended December 31, 2014. The reduction in required defined benefit pension funding was the result of the Corporation merging its defined benefit and defined contribution pension plans (see Note 23 to the consolidated financial statements of the Corporation for the year ended December 31, 2014). See "Operating Segment Results" beginning on page 6.

Dividends declared exceeded net loss for the three months ended December 31, 2014. For the three months ended December 31, 2014 non-cash expenses including: impairment; depreciation, amortization and accretion; amortization of transaction costs and discount and an unrealized foreign currency translation loss on the Credit Facility negatively impacted net income and resulted in a net loss for the period. Partially offsetting these items was a recovery of deferred income taxes and a non-cash change in fair value of the Series III Convertible Debentures. See "Changes in Net Income (Loss)" beginning on page 22 and "Capital Resources" beginning on page 18.

Dividends declared exceeded net cash generated from operating activities for the year ended December 31, 2014. For the year ended December 31, 2014, net cash generated from operating activities was negatively impacted by low Cash Operating Profit from our North America sodium chlorate and NATO operating segments, severance and office closure costs, realized foreign currency translation losses on repayments of the Credit Facility, a temporary net increase in non-cash operating working capital and higher interest paid, partially offset by strong Cash Operating Profit from our South America operating segment and lower required contributions to our defined benefit pension plan. See "Operating Segment Results" beginning on page 6.

Dividends declared exceeded net loss for the year ended December 31, 2014. In addition to the items impacting net cash generated from operating activities noted in the preceding paragraph, net loss was negatively impacted by non-cash expenses including: impairment; depreciation, amortization and accretion; amortization of transaction costs and discount; pension and post-retirement benefit expense; an unrealized foreign currency translation loss on the Credit Facility, and share-based compensation resulting in a net loss for the year ended December 31, 2014. Partially offsetting these items were non-cash changes in fair value of the embedded conversion options of the Series IV, V and VI Convertible Debentures, a change in fair value of the Series III Convertible Debentures and a recovery of deferred income taxes. See "Operating Segment Results" beginning on page 6, "Changes in Net Income (Loss)" beginning on page 22 and "Capital Resources" beginning on page 18.

Three Months and Year Ended December 31, 2013

Dividends declared exceeded net cash generated from operating activities for the three months and year ended December 31, 2013. Cash dividends paid (dividends declared less dividends reinvested in the Corporation's dividend reinvestment plan; see "Net Cash Generated from Financing Activities" on page 17) exceeded net cash generated from operating activities for the three months ended December 31, 2013. Net cash generated from operating activities for the three months ended December 31, 2013 was negatively impacted by lower Cash Operating Profit and a temporary net increase in non-cash operating working capital. Net cash generated from operating activities exceeded cash dividends paid (see "Net Cash Generated from Financing Activities" on page 17) for the year ended December 31, 2013. Lower Cash Operating Profit and the purchase cost of foreign exchange options, partially offset by a temporary net decrease in non-cash operating working capital reduced net cash generated from operating activities for the year ended December 31, 2013. See "Operating Segment Results" beginning on page 6.

Dividends declared exceeded net loss for the three months ended December 31, 2013. Net loss for the three months ended December 31, 2013 was impacted by non-cash expenses including depreciation, amortization and accretion; unrealized foreign currency translation losses on the Credit Facility; amortization of transaction costs and discount; deferred income taxes; share-based compensation expense and pension and post-retirement benefit expense, partially offset by decreases in fair value of the embedded conversion option derivatives of the Series IV and V Convertible Debentures. See "Changes in Net Income (Loss)" beginning on page 22 and "Capital Resources" beginning on page 18.

Dividends declared exceeded net income for the year ended December 31, 2013. Net income for the year ended December 31, 2013 was reduced by non-cash expenses including depreciation, amortization and accretion; unrealized foreign currency translation losses on the Credit Facility; amortization of transaction costs and discount; deferred income taxes; share-based compensation expense and pension and post-retirement benefit expense, partially offset by decreases in fair value of the Series I and III Convertible Debentures and the embedded conversion option derivatives of the Series IV and V Convertible Debentures. See "Changes in Net Income (Loss)" beginning on page 22 and "Capital Resources" beginning on page 18.

Liquidity

The following table provides an overview of the Corporation's cash flows for the three months and years ended December 31, 2014 and 2013:

	Three Months Ended December 31			Year Ended December 31		
	2014	2013	Change	2014	2013	Change
Net Cash Generated from (Used in) Operating Activities	(11,985)	11,942	(23,927)	12,644	77,221	(64,577)
Net Cash Generated from Financing Activities	48,506	85,100	(36,594)	159,500	187,851	(28,351)
Net Cash Used in Investing Activities	(37,808)	(96,953)	59,145	(170,942)	(274,812)	103,870

Net Cash Generated from (Used in) Operating Activities

Net cash generated from (used in) operating activities decreased for the three months ended December 31, 2014 as compared to the three months ended December 31, 2013 primarily as a result of lower Cash Operating Profit, higher interest paid and a higher temporary net increase in non-cash operating working capital, partially offset by lower income taxes paid and lower required contributions to our defined benefit pension plan.

Net cash generated from operating activities decreased for the year ended December 31, 2014 as compared to the year ended December 31, 2013 due to lower Cash Operating Profit, higher interest and income taxes paid, higher realized foreign currency translation losses on repayments of the Credit Facility and a higher temporary net increase in non-cash operating working capital, partially offset by lower contributions to our defined benefit pension plans.

Net cash generated from operating activities for the year ended December 31, 2014 was used to partially fund the payment of cash dividends.

Net Cash Generated from Financing Activities

Changes in net cash generated from financing activities for the three months and years ended December 31, 2014 and 2013 were comprised of:

	Three Months Ended December 31			Year Ended December 31		
	2014	2013	Change	2014	2013	Change
Proceeds (Repayments) of Short-Term Borrowings	(7,924)	627	(8,551)	(8,580)	(4,516)	(4,064)
Proceeds from Extendible Revolving Credit Facility	70,530	104,182	(33,652)	202,413	300,549	(98,136)
Repayments of Extendible Revolving Credit Facility	-	(2,055)	2,055	(198,001)	(208,683)	10,682
Extendible Revolving Credit Facility Transaction Costs	(750)	(1,150)	400	(750)	(1,236)	486
Repayment of Senior Secured Notes	-	-	-	-	(50,945)	50,945
Proceeds From Convertible Debenture Issue	-	-	-	85,550	107,500	(21,950)
Convertible Debenture Transaction Costs	64	(19)	83	(3,556)	(4,450)	894
Redemption of Series I Convertible Debentures	-	(286)	286	-	(286)	286
Proceeds from Common Share Issue	-	-	-	150,080	115,055	35,025
Common Share Issue Costs	-	-	-	(6,344)	(4,823)	(1,521)
Cash Dividends Paid	(14,008)	(16,891)	2,883	(63,133)	(63,123)	(10)
Proceeds from Exercise of Options	594	692	(98)	1,821	2,809	(988)
Net Cash Generated from Financing Activities	48,506	85,100	(36,594)	159,500	187,851	(28,351)

Net cash generated from financing activities for the three months and years ended December 31, 2014 and 2013 was used to fund cash dividends and to fully fund expenditures on property, plant and equipment in 2014 and partially fund expenditures on property, plant and equipment in 2013.

Net Cash Used in Investing Activities

Changes in net cash used in investing activities for the three months and years ended December 31, 2014 and 2013 were comprised of:

	Three Months Ended December 31			Year Ended December 31		
	2014	2013	Change	2014	2013	Change
Interest Income	199	67	132	417	526	(109)
Expenditures on Property, Plant and Equipment	(15,808)	(117,737)	101,929	(147,767)	(294,402)	146,635
Expenditures on Intangible Assets	(656)	(213)	(443)	(1,293)	(2,468)	1,175
Proceeds on Disposal of Property, Plant and Equipment	-	1	(1)	168	55	113
Proceeds on Disposal of Investments	-	-	-	-	3,537	(3,537)
Capitalized Borrowing Costs	(586)	(2,249)	1,663	(5,788)	(7,286)	1,498
Change in Non-Cash Investing Working Capital	(20,957)	23,178	(44,135)	(16,679)	25,226	(41,905)
Net Cash Used in Investing Activities	(37,808)	(96,953)	59,145	(170,942)	(274,812)	103,870

See " Capital Expenditures" on pages 22 through 25.

Net Debt and Total Equity

	December 31, 2014	December 31, 2013
Long-Term Debt	336,535	318,016
Long-Term Convertible Debentures, Principal Amount	253,050	227,379
Less:		
Cash and Cash Equivalents	3,289	1,454
Non-Cash Working Capital	(30,067)	(39,519)
Total Net Debt	616,363	583,460
Total Equity	167,997	329,121

Capital Resources

Credit Facility

The Corporation has a $500 million extendible revolving credit facility (" Credit Facility") which matures June 30, 2017. At December 31, 2014, the Corporation had $336.5 million (US $225 million and CAD $76 million) and $0.1 million of swing line loans outstanding on this Credit Facility and was in compliance with all ongoing covenants (financial and non-financial) and conditions contained in the Credit Facility agreement. Effective October 15, 2014, the Credit Facility agreement was amended and restated to provide, among other things, for relaxed financial covenants through June 30, 2016.

Convertible Debentures

At December 31, 2014 and March 12, 2015, the Corporation had $312.9 million principal amount of convertible unsecured subordinated debentures (" Convertible Debentures") outstanding; $59.9 million denoted as series III (" Series III Convertible Debentures"), $60 million denoted as series IV (" Series IV Convertible Debentures"), $107.5 million denoted as series V (" Series V Convertible Debentures") and $85.5 million denoted as series VI (" Series VI Convertible Debentures").

On June 3, 2014, the Corporation issued $75 million of Series VI Convertible Debentures. On June 12, 2014, an additional $10.6 million of Series VI Convertible Debentures were issued pursuant to the over-allotment option granted to the underwriters as part of the initial offering.

There were no conversions of Convertible Debentures during the three months and year ended December 31, 2014.

Letters of Credit

At December 31, 2014, the Corporation is the applicant on a standby letter of credit for $1.9 million in favour of CIBC Mellon for obligations under the Corporation's Executive Benefit Plan. This letter of credit automatically renews on January 1 of each year for a one year period unless otherwise advised.

Subsequent to December 31, 2014, the Corporation is also the applicant on a standby letter of credit for $14 million related to pipeline operations.

Outstanding Securities of the Corporation

At December 31, 2014, the Corporation had 184,415,367 common shares outstanding. At March 12, 2015, the Corporation had 186,032,692 common shares outstanding.

On February 5, 2014, the Corporation issued 26,800,000 common shares at a price of $5.60 per common share, for gross proceeds of $150.1 million.

At December 31, 2014, the Corporation had 4,929,215 options and related notional bonus shares outstanding, of which 3,045,976 options and related notional bonus shares were vested and exercisable for 3,045,976 common shares under the terms of the Corporation's option plan. At March 12, 2015, the Corporation had 5,102,370 options and related notional bonus shares outstanding, of which 3,179,934 options and related notional bonus shares are vested and exercisable for 3,179,934 common shares under the terms of the Corporation's option plan.

At December 31, 2014 and March 12, 2015, 35,133,585 common shares were issuable on the conversion of the Convertible Debentures.

Future Liquidity

The future liquidity of the Corporation will be primarily dependent on net cash generated from operating activities which will be used to finance ongoing maintenance capital expenditures, dividends to common shareholders and normal course financial commitments. Cash flows are sensitive to changes in sales volumes and selling prices, NATO unit train throughput volume, electricity prices, interest rates and foreign currency exchange rates and any changes in these will impact future liquidity. See "Market and Financial Risk Analysis" beginning on page 21. Management believes net cash generated from operating activities will be sufficient for the Corporation to meet future obligations and commitments that arise in the normal course of its business activities, including ongoing maintenance capital expenditures, dividends to common shareholders and normal course financial commitments. In addition, the Corporation has the Credit Facility which can be used for general corporate purposes and to fund capital expenditures. See "Capital Resources" beginning on page 18.

Contractual Obligations and Commitments

The Corporation had commitments for capital expenditures of $25.4 million at December 31, 2014 and $11.8 million at March 12, 2015, primarily related to the expansion of NATO unit train operations and the caustic modernization project at our North Vancouver chlor-alkali facility which it intends to fund with net cash generated from operating activities and additional borrowings as necessary. In addition, management anticipates ongoing annual maintenance capital expenditures of approximately $25 million which will be financed primarily out of net cash generated from operating activities. Additional growth opportunities, including production de-bottlenecking opportunities and acquisitions may result in additional expansion capital requirements which, if incurred, would be financed from a combination of cash on hand, bank debt or issuances of common shares or other securities of the Corporation.

Summary of Contractual Obligations

The Corporation assumes various contractual obligations and commitments in the normal course of its business activities. At December 31, 2014 these obligations and commitments were as follows:

	Total	2015	2016	2017	2018	2019	Thereafter
Operating Leases (1)	142,563	30,395	28,234	22,625	15,851	12,593	32,865
Purchase Obligations (2)	403,694	64,887	58,859	58,859	51,549	51,549	117,991
Expansion Capital Expenditures (3)	25,431	25,431	-	-	-	-	-
Provisions (4)	164,934	1,960	1,740	1,740	1,740	1,740	156,014
Long-Term Debt (5)	336,535	-	-	336,535	-	-	-
Convertible Debentures (6)	312,929	59,879	-	-	60,000	-	193,050
Interest on Convertible Debentures	94,870	18,904	15,461	15,461	15,461	12,011	17,572
Total	1,480,956	201,456	104,294	435,220	144,601	77,893	517,492

Notes:

(1) *Payments for operating leases reduce net cash generated from operating activities. Operating leases include minimum lease payment obligations associated with leases for office space, rail cars, vehicles, software maintenance contracts and other property and equipment leases.*

(2) *Purchase obligations include the contractual commitment for the purchase of electricity in South America, 90 to 100 percent of the cost of which is passed through to our major customer, pipeline fixed fees and minimum purchase commitments under some multi-year salt supply contracts.*

(3) *Capital expenditures committed at December 31, 2014 are primarily related to the expansion of NATO to include pipeline connected unit train operations and the caustic modernization project at the North Vancouver chlor-alkali facility.*

(4) *At December 31, 2014, the undiscounted provision for decommissioning liabilities was $164.9 million. The estimated fair value ($88.4 million) of these obligations is provided for in the Corporation's consolidated financial statements for the year ended December 31, 2014 (See Note 22 Provisions to the consolidated financial statements of the Corporation for the year ended December 31, 2014). The timing of any payments is difficult to determine with certainty and have been included in the table above using best estimates.*

(5) *Long-Term Debt amounts are included in the Corporation's December 31, 2014 audited consolidated statement of financial position (See Note 20 Long-Term Debt and Short-Term Borrowings to the consolidated financial statements of the Corporation for the year ended December 31, 2014). Interest payments on the Credit Facility have been excluded from the above table as the amount and timing of any interest payments will fluctuate depending on balances outstanding and applicable interest rates.*

(6) *Convertible Debenture amounts are included in the Corporation's December 31, 2014 audited consolidated statement of financial position (See Note 21 Convertible Debentures to the consolidated financial statements of the Corporation for the year ended December 31, 2014).*

Purchase arrangements made in the ordinary course of business have been excluded from the table above as they are discretionary.

Deferred tax liabilities have been excluded from the table above as the amount and timing of any cash payments for income taxes are based primarily on taxable income for each fiscal year in the various operating jurisdictions.

Liabilities for unfunded pension and other post-retirement benefit obligations have been included in the Corporation's December 31, 2014 audited consolidated statement of financial position, however these obligations have not been included in the table above due to the uncertainty related to the amount and timing of any payments.

From time to time, the Corporation enters into contracts, particularly relating to the sale of products in the ordinary course of business, which require it to indemnify parties against possible claims. On occasion, the Corporation provides indemnifications to the purchaser. The overall maximum amount of indemnifications cannot be reasonably estimated. No significant payments have been made related to these indemnifications. Management does not expect that these matters would have a material adverse effect on the Corporation's liquidity, consolidated financial position or results of operations.

Contingent Liabilities

In the normal course of business, the Corporation is subject to lawsuits and claims. Management believes the resolution of these matters will not have a material adverse effect, individually or in the aggregate, on the Corporation's liquidity, consolidated financial position or results of operations. The Corporation records costs as they are incurred or become determinable. Additionally, the income tax filings of taxable legal entities which are consolidated into the Corporation are subject to audit by taxation authorities. Management believes that the Corporation has recorded an adequate provision for income taxes based on available information.

Guarantees

The Credit Facility (see "Capital Resources" beginning on page 18) is secured by a floating charge debenture over all of the Corporation's assets (excluding South America assets). At December 31, 2014, the Corporation and each of its wholly owned subsidiaries, Canexus Canada Holdings Ltd. and Canexus Canada Holdings II Ltd., have provided unlimited liability guarantees to and subordinated their rights to receive payments from the Corporation in respect of the Credit Facility in "events of default" as defined in the Credit Facility agreement.

Dividends

The Corporation declared dividends of $0.4368 per common share for the year ended December 31, 2014 for total dividends declared of $79.7 million.

On March 12, 2015, the Board of Directors of the Corporation declared a quarterly dividend of $0.01 per common share payable on April 15, 2015 to shareholders of record on March 31, 2015.

Market and Financial Risk Analysis

The Corporation is exposed to normal market risks inherent in the chemicals business and the demand for and supply of terminal services, as well as financial risks. Included in the risks faced by the Corporation are product price and sales volume risk, NATO unit train throughput volume risk, South American chlor-alkali facility operating rate risk, electricity price risk, foreign currency rate risk, interest rate risk and credit risk. The Corporation recognizes these risks and manages its operations to minimize its exposures to the extent practical. For additional information regarding risks impacting the Corporation, refer to the "Risk Factors" section included in the Corporation's Annual Information Form filed on the Corporation's SEDAR profile at www.sedar.com.

Product Price and Sales Volume Risk

For every $75 change in the price per MT of North American produced sodium chlorate, loss before income taxes for the year ended December 31, 2014 would have changed by $27.4 million. For every $100 change in the price per MECU of chlor-alkali products produced in North America, loss before income taxes for the year ended December 31, 2014 would have changed by $17.6 million. These sensitivities to changes in prices are based on approximately 365,000 MT of North American sodium chlorate sales and 176,000 MECU of North American chlor-alkali sales for the year ended December 31, 2014. Sensitivities of $75 per MT for sodium chlorate and $100 per MECU for chlor-alkali products are considered reasonable given historical product price changes and market expectations for future movement.

A change in sales volumes for North American sodium chlorate of 10,000 MT would have changed loss before income taxes for the year ended December 31, 2014 by $2.8 million. A change in sales volumes for North American chlor-alkali products of 5,000 MECU would have changed loss before income taxes for the year ended December 31, 2014 by $2.3 million, respectively. These sales volume changes are considered to be reasonable due to current market conditions and expectations for future movement.

NATO Unit Train Throughput Volume Risk

Contracts with NATO unit train customers include partial take or pay terms and changes in transload volumes can have a significant impact on the revenues derived from these contracts. For every 8,500 bbl/day change in unit train transload volumes (approximately 1 unit train per week), loss before income taxes for the year ended December 31, 2014 would have changed by $4 million. This sensitivity to changes in unit train transload volumes is based on average unit train railcar counts, loaded volumes and contract terms for the year ended December 31, 2014. A change in unit train transload volumes of 8,500 bbl/day is considered reasonable given historical fluctuations in nominated volumes and expectations for future market demand.

South American Chlor-alkali Facility Operating Rate Risk

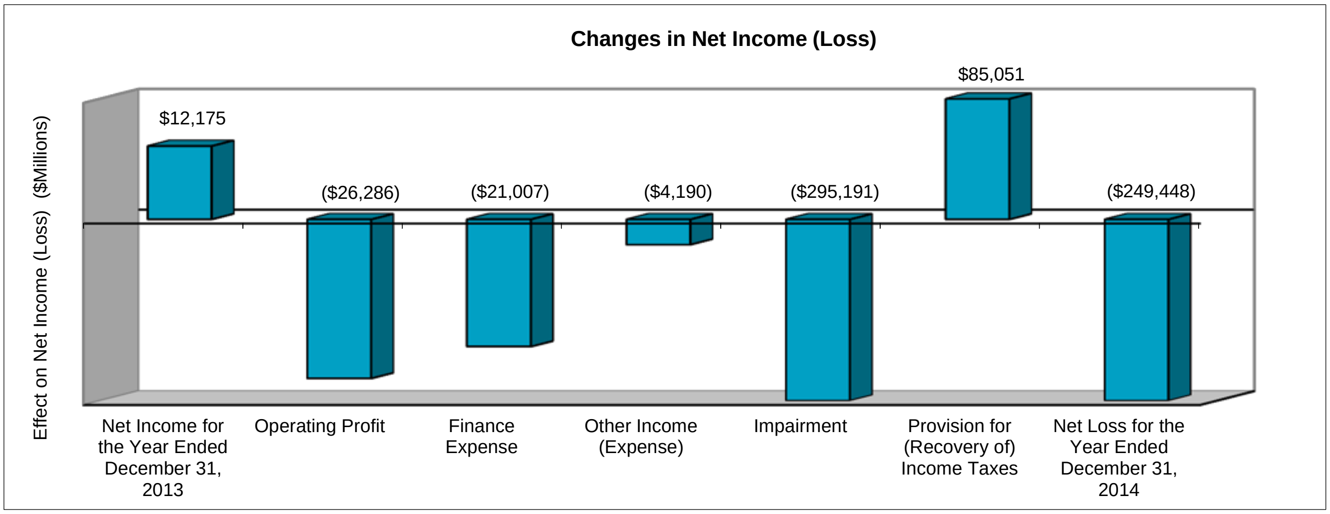
Our major customer in South America typically consumes more caustic soda than our Brazil chlor-alkali facility's operating capacity. To the extent we are unable to operate our chlor-alkali facility at capacity due to market factors, such as an inability to sell chlorine or chlorine derivatives or other circumstances, we are required to purchase caustic soda up to our chlor-alkali facility's operating capacity volume at market prices but are only able to bill our major customer for our production cost plus a fixed margin. During the year ended December 31, 2014, we acquired 1,251 MT of caustic soda at market prices to satisfy this contractual requirement.

Electricity Price Risk

For every four percent change in the price of electricity in North America, loss before income taxes for the year ended December 31, 2014 would have changed by $3.8 million. This sensitivity to changes in electricity prices is based on North American electricity consumption of approximately 2,380,000 Megawatt hours for the year ended December 31, 2014. A four percent change in the price of electricity in North America is considered reasonable given historical price changes and market expectations for future movement.

Changes in Net Income (Loss)

Year Ended December 31, 2014 compared to Year Ended December 31, 2013



Lower Operating Profit increased net loss

See " Operating Segment Results" beginning on page 6 for a discussion on changes in Operating Profit.

Higher finance expense increased net loss

The Corporation had finance expense of $51.2 million for the year ended December 31, 2014 as compared to $30.1 million for the year ended December 31, 2013. The increase was primarily due to changes in fair value of the embedded conversion options of the Series IV, V and VI Convertible Debentures of $9.7 million, higher interest expense (net of capitalized borrowing costs) of $7.8 million, higher realized foreign currency translation losses on repayments of the Credit Facility of $6.8 million and lower interest income of $0.1 million, partially offset by a lower unrealized foreign currency translation loss on US dollar denominated long-term debt of $3.3 million.

Changes in other income (expense) increased net loss

The Corporation had other expense of $2.5 million for the year ended December 31, 2014 as compared to other income of $1.7 million for the year ended December 31, 2013. The change in other income (expense) was primarily due to realized foreign currency translation losses on working capital in 2014 as compared to realized foreign currency translation gains in 2013 (net change of $2.1 million), changes in miscellaneous other income (expense) items of $1.3 million, changes in fair value of derivative financial instruments of $1 million and higher realized losses on derivative financial instruments of $0.4 million, partially offset by higher unrealized foreign currency translation gains on working capital of $0.6 million.

Impairment increased net loss

During the year ended December 31, 2014, the Corporation recognized $295.2 million in total impairment which increased net loss. See Note 17 Property, Plant and Equipment and Intangible Assets to the consolidated financial statements of the Corporation for the year ended December 31, 2014.

Lower income taxes decreased net loss

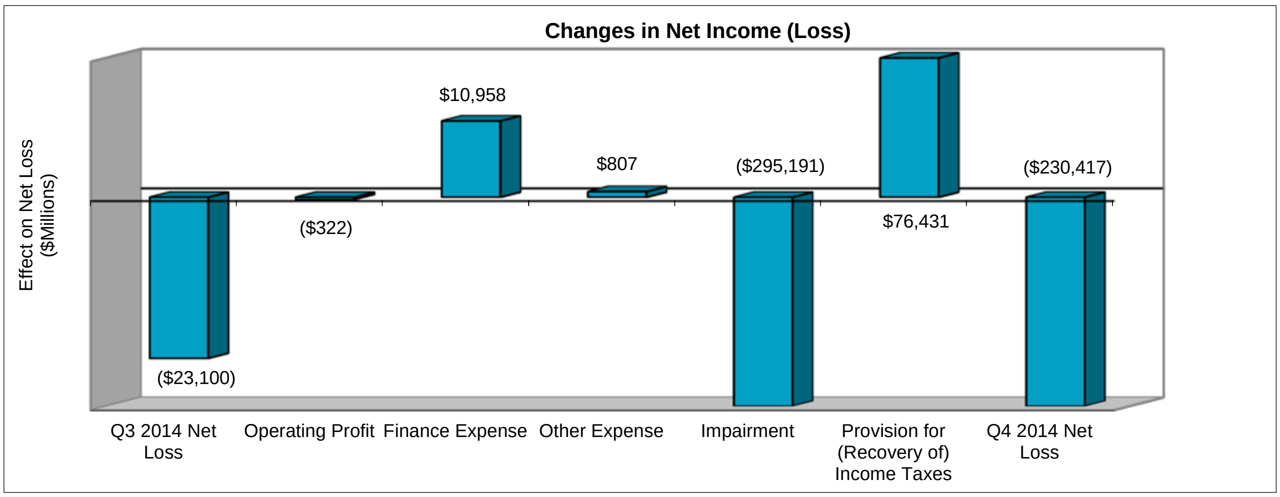
Income tax recovery for the year ended December 31, 2014 was $76.8 million as compared to income tax expense of $8.3 million for the year ended December 31, 2013. This decrease was due to the impairment of certain fixed assets during the year ended December 31, 2014, as well as operating losses in certain of the North American legal entities which are consolidated into the Corporation for the year ended December 31, 2014.

Capital Expenditures

Capital expenditures for the year ended December 31, 2014 were $154.8 million as compared to the year ended December 31, 2013 of $304.2 million. The decrease in capital expenditures was due to a decrease in expansion capital expenditures of $151.6 million and maintenance capital expenditures of $2.7 million, partially offset by an increase in continuous improvement capital expenditures of $4.9 million.

The decrease in expansion capital expenditures was primarily due to completion of the North Vancouver HCl expansion projects in the first and fourth quarters of 2013 and lower spending at our NATO transloading facility. The decrease in maintenance capital expenditures was primarily related to the completion of the replacement/refurbishment of transformers and boiler upgrades at our Brandon production facility in 2013 and the timing of maintenance capital projects at our other production facilities. The increase in continuous improvement capital expenditures was primarily due to increased spending on the membrane caustic modernization and administration building upgrade projects currently underway at our North Vancouver chlor-alkali facility.

Three Months Ended December 31, 2014 compared to Three Months Ended September 30, 2014



Lower Operating Profit increased net loss

See "Operating Segment Results" beginning on page 10 for a discussion on changes in Operating Profit.

Lower finance expense decreased net loss

The Corporation had finance expense of $11.9 million for the three months ended December 31, 2014 as compared to $22.9 million for the three months ended September 30, 2014. The decrease was primarily due to changes in fair value of the embedded conversion options of the Series IV, V and VI Convertible Debentures of $8.4 million, a lower unrealized foreign currency translation loss on US dollar denominated long-term debt of $2.8 million and lower realized foreign currency translation losses on repayments of the Credit Facility of $0.4 million, partially offset by higher interest expense (net of capitalized borrowing costs) of $0.4 million and changes in fair value of the Series III Convertible Debentures of $0.2 million.

Lower other expense decreased net loss

The Corporation had other expense of $2.1 million for the three months ended December 31, 2014 as compared to $3 million for the three months ended September 30, 2014. The decrease was primarily due to changes in fair value of derivative financial instruments of $1.3 million and lower foreign currency translation losses on working capital of $0.3 million, partially offset by changes in miscellaneous other income (expense) items of $0.6 million and higher realized losses on derivative financial instruments of $0.1 million.

Impairment increased net loss

During the year ended December 31, 2014, the Corporation recognized $295.2 million in total impairment which increased net loss. See Note 17 Property, Plant and Equipment and Intangible Assets to the consolidated financial statements of the Corporation for the year ended December 31, 2014.

Lower income taxes decreased net loss

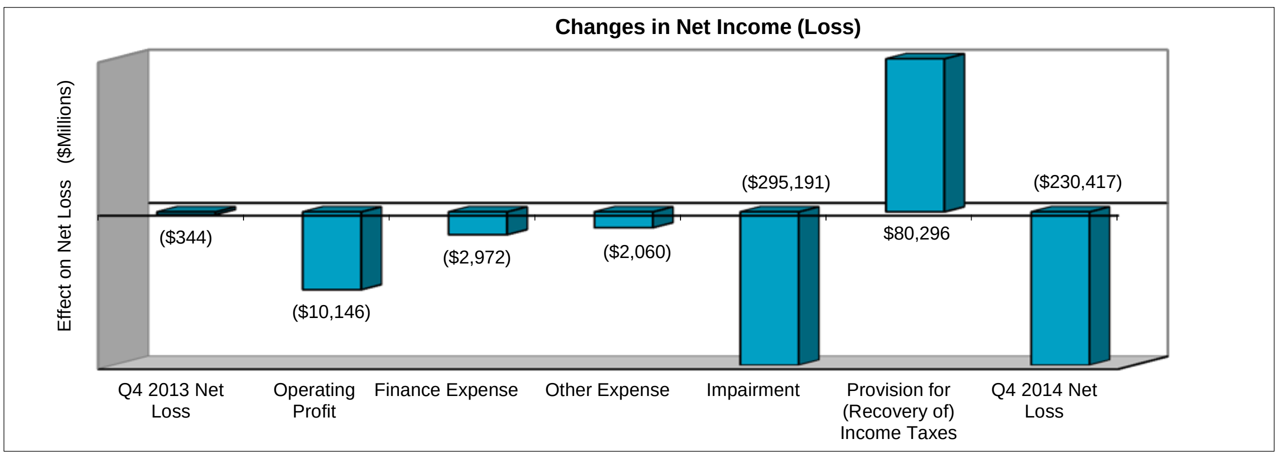
Income tax recovery for the three months ended December 31, 2014 was $78.7 million as compared to $2.3 million for the three months ended September 30, 2014. This decrease was due to the impairment of certain fixed assets during the three months ended December 31, 2014.

Capital Expenditures

Capital expenditures for the three months ended December 31, 2014 were $17 million as compared to the three months ended September 30, 2014 of $63.8 million. The decrease in capital expenditures was due to a decrease in expansion capital expenditures of $53.9 million, partially offset by increases in maintenance capital expenditures of $4.9 million and continuous improvement capital expenditures of $2.2 million.

The decrease in expansion capital expenditures was primarily due to reduced spending at our NATO transloading facility as third quarter expenditures included significant costs incurred during the planned construction shutdown for the completion of the IPL pipeline lateral discussed on page 9. The increase in maintenance capital expenditures was primarily due to the replacement of membranes at our North Vancouver chlor-alkali facility and timing of other maintenance capital projects. The increase in continuous improvement capital expenditures was primarily due to increased spending on the membrane caustic modernization and administration building upgrade projects currently underway at our North Vancouver chlor-alkali facility.

Three Months Ended December 31, 2014 compared to Three Months Ended December 31, 2013



Lower Operating Profit increased net loss

See "Operating Segment Results" beginning on page 10 for a discussion on changes in Operating Profit.

Higher finance expense increased net loss

The Corporation had finance expense of $11.9 million for the three months ended December 31, 2014 as compared to $9 million for the three months ended December 31, 2013. The increase was primarily due to higher interest expense (net of capitalized borrowing costs) of $2.9 million, a higher unrealized foreign currency translation loss on US dollar denominated long-term debt of $0.7 million and changes in fair value of the embedded conversion options of the Series IV, V and VI Convertible Debentures of $0.4 million, partially offset by changes in fair value of the Series III Convertible Debentures of $0.9 million, lower realized foreign currency translation losses on repayments of the Credit Facility of $0.1 million and higher interest income of $0.1 million.

Higher other expense increased net loss

The Corporation had other expense of $2.1 million for the three months ended December 31, 2014 as compared to $0.1 million for the three months ended December 31, 2013. The increase was primarily due to foreign currency translation losses on working capital of $0.8 million for the three months ended December 31, 2014 as compared to foreign currency translation gains on working capital of $0.2 million for the three months ended December 31, 2013, changes in miscellaneous other income (expense) items of $0.7 million, higher realized losses on derivative financial instruments of $0.2 million and changes in fair value of derivative financial instruments of $0.1 million.

Impairment increased net loss

During the year ended December 31, 2014, the Corporation recognized $295.2 million in total impairment which increased net loss. See Note 17 Property, Plant and Equipment and Intangible Assets to the consolidated financial statements of the Corporation for the year ended December 31, 2014.

Lower income taxes decreased net loss

Income tax recovery for the three months ended December 31, 2014 was $78.7 million as compared to income tax expense of $1.6 million for the three months ended December 31, 2013. This decrease was due to the impairment of certain fixed assets during the three months ended December 31, 2014.

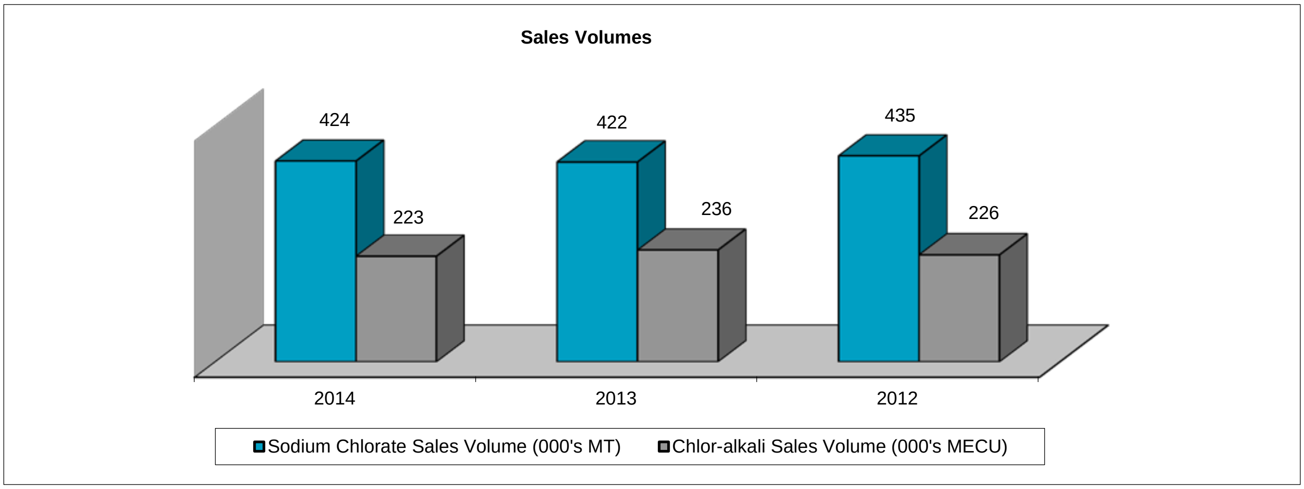
Capital Expenditures

Capital expenditures for the three months ended December 31, 2014 were $17 million as compared to the three months ended December 31, 2013 of $120.2 million. The decrease in capital expenditures was due to a decrease in expansion capital expenditures of $105.9 million, partially offset by increases in maintenance capital expenditures of $0.7 million and continuous improvement capital expenditures of $2 million.

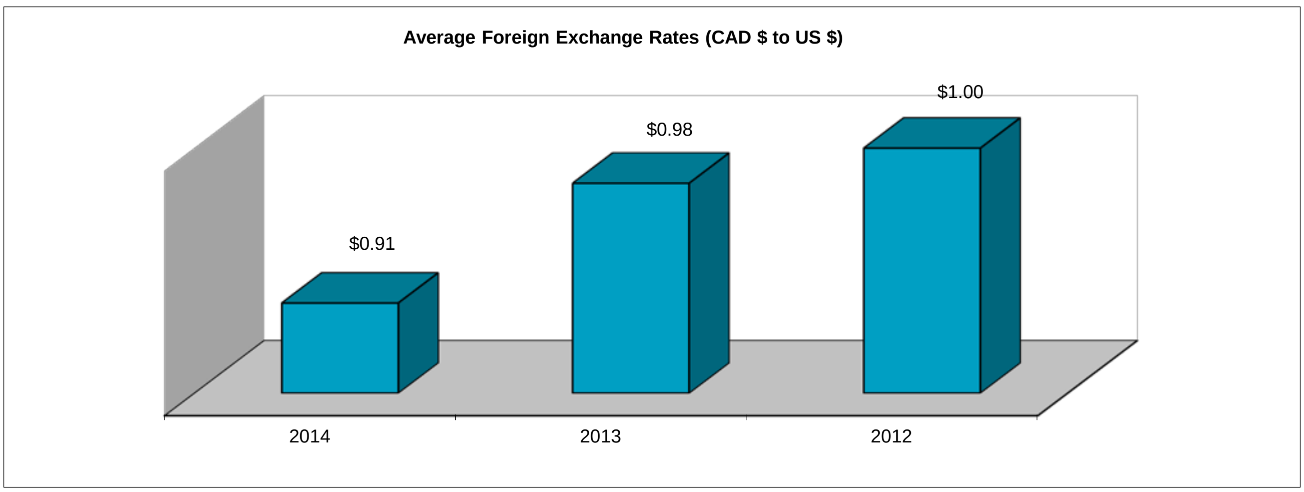
The decrease in expansion capital expenditures was primarily due to completion of a North Vancouver HCl expansion project in the fourth quarter of 2013 and reduced spending at our NATO transloading facility. The increase in maintenance capital expenditures was primarily due to the timing of maintenance capital projects. The increase in continuous improvement capital expenditures was primarily due to increased spending on the membrane caustic modernization and administration building upgrade projects currently underway at our North Vancouver chlor-alkali facility.

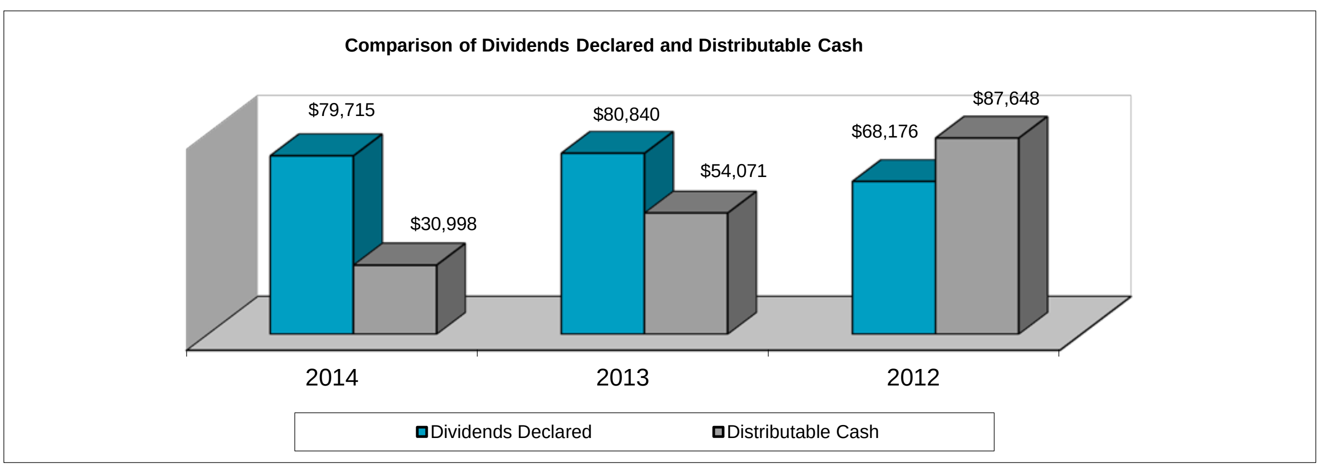
Selected Annual Financial Information

Annual sodium chlorate and chlor-alkali sales volumes are shown in the graph below:



Annual average foreign exchange rates (1 CAD $ to US $) are shown in the graph below:





The following financial and other information is as reported in the Corporation's consolidated financial statements and MD&A for each respective year end.

CAD thousands, except as noted	2014	2013	2012
Sodium Chlorate Sales Volume (000's MT)	424	422	435
Chlor-alkali Sales Volume (000's MECU)	223	236	226
Sales Revenue	570,873	552,961	582,426
Cost of Sales	398,630	361,170	364,795
Distribution, Selling and Marketing	106,315	103,841	95,701
General and Administrative	43,344	39,080	35,644
Operating Profit [(1)]	22,584	48,870	86,286
Add:			
Depreciation and Amortization included in Cost of Sales	64,334	48,752	44,494
Depreciation and Amortization included in General and Administrative	1,213	1,055	963
Share-based Compensation Expense	902	2,860	2,514
Cash Operating Profit [(1)]	89,033	101,537	134,257
Cash Operating Profit Percentage [(1)]	16%	18%	23%
Cash Operating Profit [(1)]	89,033	101,537	134,257
Add (Deduct):			
Finance Expense excluding Interest Expense	(24,447)	(11,170)	(4,983)
Other Income (Expense)	(2,478)	1,712	2,814
Share-Based Compensation Expense	(902)	(2,860)	(2,514)
EBITDA [(1)]	61,206	89,219	129,574
Deduct:			
Interest Expense [(2)]	(26,706)	(18,976)	(25,998)
Recovery of (Provision for) Income Taxes	76,790	(8,261)	(19,096)
Impairment	(295,191)	-	-
Depreciation and Amortization	(65,547)	(49,807)	(45,457)
Net Income (Loss)	(249,448)	12,175	39,023
Net Income (Loss) Per Share ($/Share)	(1.39)	0.08	0.32
Diluted Net Income (Loss) Per Share ($/Share)	(1.39)	0.06	0.31
Dividends Declared ($/Share)	0.4368	0.5472	0.5472
Capital Expenditures			
Maintenance	23,130	25,817	19,437
Continuous Improvement	12,564	7,634	8,081
Expansion	119,155	270,706	127,190
Total Capital Expenditures	154,849	304,157	154,708
Total Assets	1,020,103	1,148,925	903,816
Total Non-Current Financial Liabilities	586,590	539,554	351,981

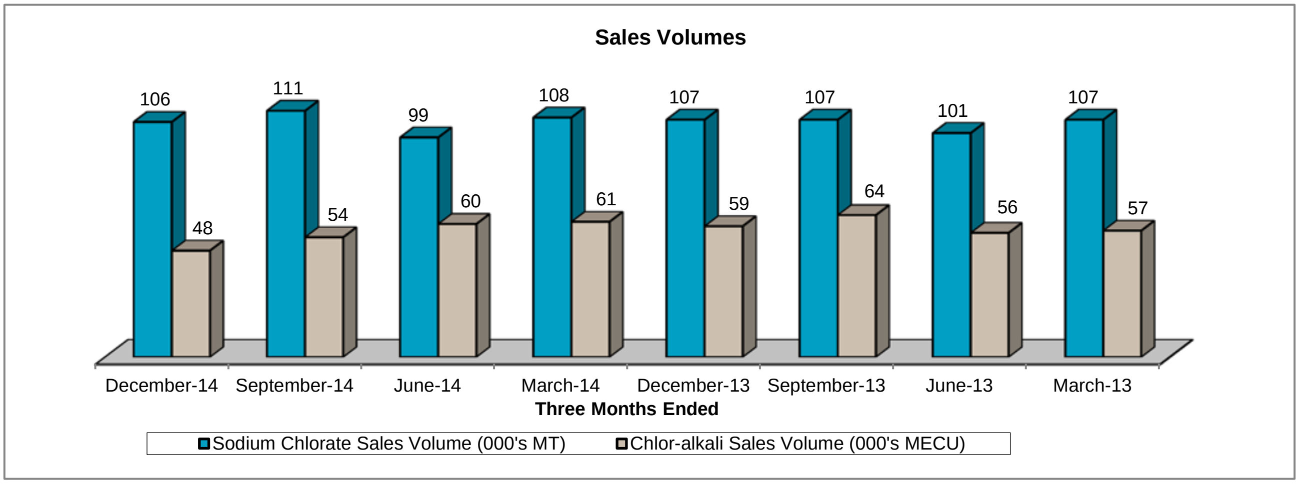
Notes:

(1) *See Non-GAAP and Additional GAAP Measures on page 34.*

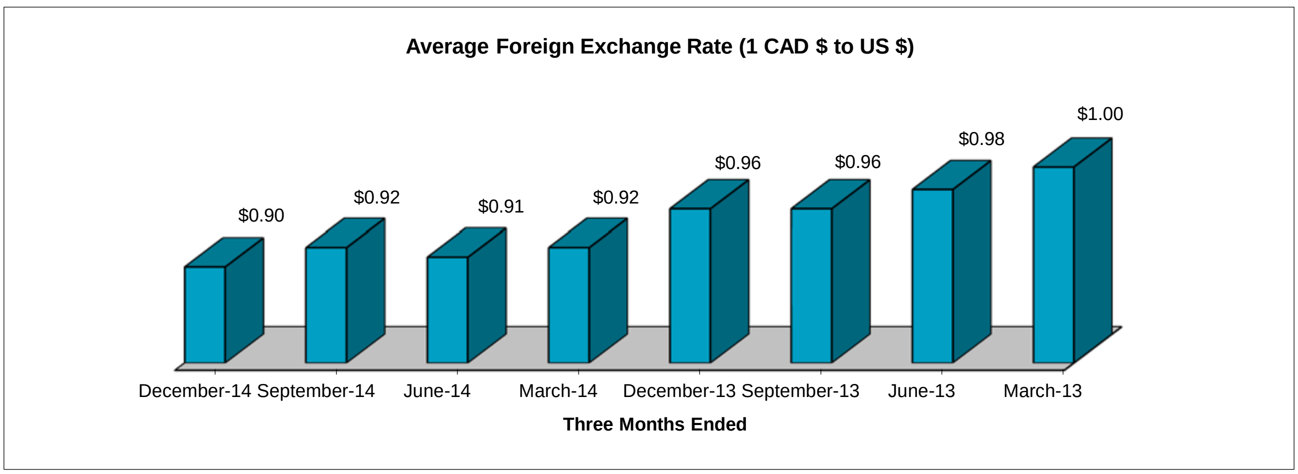
(2) *Interest expense includes the amortization of transaction costs, net interest cost on net defined benefit plan liabilities and accretion on provisions which are classified as interest expense under IFRS.*

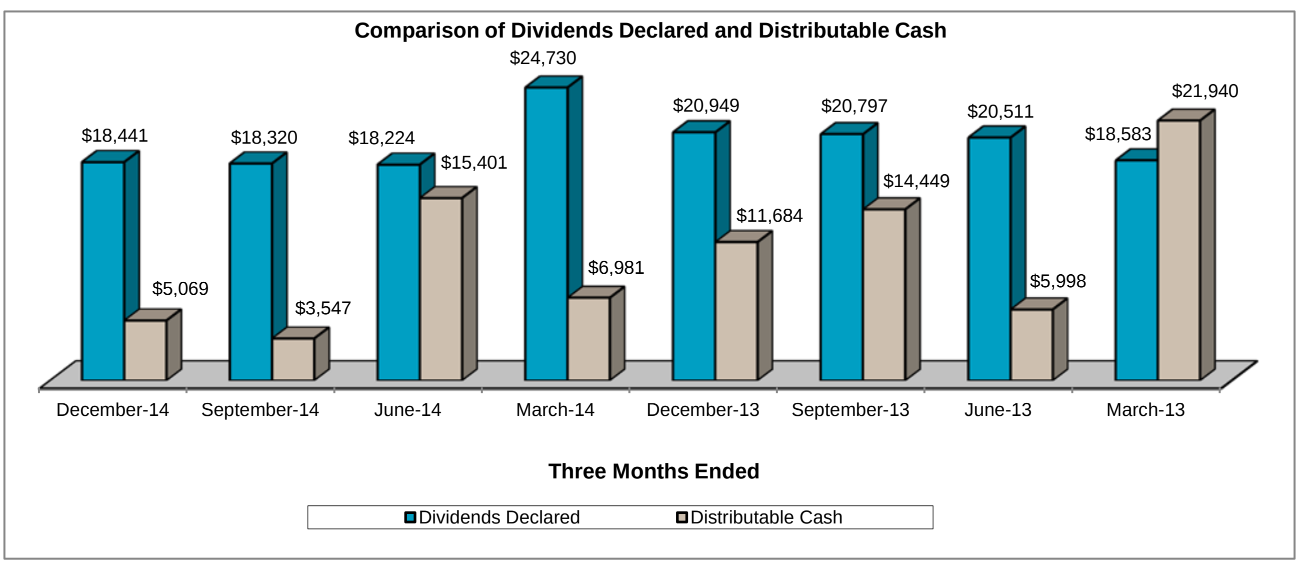
Summary of Quarterly Results

Quarterly sodium chlorate and chlor-alkali sales volumes are shown in the graph below:



Quarterly average foreign exchange rates (1 CAD $ to US $) are shown in the graph below:





	Three Months Ended			
CAD thousands, except as noted	December 31 2014	September 30 2014	June 30 2014	March 31 2014
Sales Revenue	142,676	144,132	143,548	140,517
Cost of Sales	105,563	106,942	95,546	90,579
Distribution, Selling and Marketing	25,456	26,880	26,059	27,920
General and Administrative	11,515	9,846	9,528	12,455
Operating Profit (1)	142	464	12,415	9,563
Add:				
Depreciation and Amortization included in Cost of Sales	19,642	15,677	16,080	12,935
Depreciation and Amortization included in General and Administrative	319	294	298	302
Share-based Compensation Expense (Recovery)	578	436	445	(557)
Cash Operating Profit (1)	20,681	16,871	29,238	22,243
Cash Operating Profit Percentage (1)	14%	12%	20%	16%
Cash Operating Profit (1)	20,681	16,871	29,238	22,243
Add (Deduct):				
Finance Income (Expense) excluding Interest Expense	(3,959)	(15,500)	7,214	(12,202)
Other Income (Expense)	(2,151)	(2,958)	2,099	532
Share-based Compensation Recovery (Expense)	(578)	(436)	(445)	557
EBITDA (1)	13,993	(2,023)	38,106	11,130
Add (Deduct):				
Interest Expense (2)	(7,990)	(7,407)	(7,969)	(3,340)
Recovery of (Provision for) Income Taxes	78,732	2,301	(2,369)	(1,874)
Impairment	(295,191)	-	-	-
Depreciation and Amortization	(19,961)	(15,971)	(16,378)	(13,237)
Net Income (Loss)	(230,417)	(23,100)	11,390	(7,321)
Net Income (Loss) Per Share ($/Share)	(1.25)	(0.13)	0.06	(0.04)
Diluted Net Income (Loss) Per Share ($/Share)	(1.25)	(0.13)	0.06	(0.04)
Dividends Declared ($/Share)	0.1000	0.1000	0.1000	0.1368
Capital Expenditures				
Maintenance	9,203	4,356	5,302	4,269
Continuous Improvement	5,248	3,070	2,657	1,589
Expansion	2,598	56,342	20,158	40,057
Total Capital Expenditures	17,049	63,768	28,117	45,915

See footnotes on the following page.

CAD thousands, except as noted	Three Months Ended December 31 2013	September 30 2013	June 30 2013	March 31 2013
Sales Revenue	139,811	138,674	133,241	141,235
Cost of Sales	91,638	88,649	92,317	88,566
Distribution, Selling and Marketing	27,457	26,399	24,674	25,311
General and Administrative	10,428	9,102	10,057	9,493
Operating Profit [(1)]	10,288	14,524	6,193	17,865
Add:				
Depreciation and Amortization included in Cost of Sales	12,765	12,324	12,151	11,512
Depreciation and Amortization included in General and Administrative	307	234	261	253
Share-based Compensation Expense	1,237	331	649	643
Cash Operating Profit [(1)]	24,597	27,413	19,254	30,273
Cash Operating Profit Percentage [(1)]	18%	20%	14%	21%
Cash Operating Profit [(1)]	24,597	27,413	19,254	30,273
Add (Deduct):				
Finance Income (Expense) excluding Interest Expense	(3,872)	16,747	(15,191)	(8,854)
Other Income (Expense)	(91)	1,247	(57)	613
Share-based Compensation Expense	(1,237)	(331)	(649)	(643)
EBITDA [(1)]	19,397	45,076	3,357	21,389
Add (Deduct):				
Interest Expense [(2)]	(5,105)	(4,005)	(4,764)	(5,102)
Provision for Income Taxes	(1,564)	(4,624)	(948)	(1,125)
Depreciation and Amortization	(13,072)	(12,558)	(12,412)	(11,765)
Net Income (Loss)	(344)	23,889	(14,767)	3,397
Net Income (Loss) Per Share ($/Share)	-	0.16	(0.11)	0.03
Diluted Net Income (Loss) Per Share ($/Share)	(0.02)	0.08	(0.11)	0.02
Dividends Declared ($/Share)	0.1368	0.1368	0.1368	0.1368
Capital Expenditures				
Maintenance	8,440	6,983	5,837	4,557
Continuous Improvement	3,243	1,553	1,486	1,352
Expansion	108,517	71,737	42,909	47,543
Total Capital Expenditures	120,200	80,273	50,232	53,452

Notes:

(1) *See Non-GAAP and Additional GAAP Measures on page 34.*

(2) *Interest expense includes transaction costs and discount, net interest cost on net defined benefit plan liabilities and accretion on provisions which are classified as interest expense under IFRS.*

Transactions with Related Parties

For the year ended December 31, 2014 the Corporation did not have any transactions with related parties that were not eliminated on consolidation.

Derivative Financial Instruments and Off-Balance Sheet Arrangements

At December 31, 2014, the Corporation did not have any material off-balance sheet arrangements.

During the year ended December 31, 2014, the Corporation had US dollar foreign exchange average rate range forward contracts, a cross currency swap agreement and Swiss franc forward foreign exchange agreements outstanding. See Note 14 Financial Instruments and Financial Risk Management in the consolidated financial statements of the Corporation for the year ended December 31, 2014.

Critical Accounting Estimates

There are a number of critical estimates underlying the accounting policies applied in the preparation of the consolidated financial statements of the Corporation for the year ended December 31, 2014.

Impairment of Long-Lived Assets

The Corporation evaluates its long-lived assets for impairment at each reporting date by reviewing for internal and external indicators that the carrying value of PP&E and intangible assets may have suffered an impairment loss. Among other things, such indicators might include falling sales prices for chemical products, demand for terminal services, changes in operating costs, changes in expenditures to acquire and install assets and significant or adverse political or legal changes.

Impairment of Financial Assets

The Corporation evaluates its financial assets for impairment at each reporting date by reviewing for internal and external indicators that would suggest that assets classified as held-to-maturity or other loans and receivables (other than those recorded at fair value through profit and loss) may be impaired. Financial assets may be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the carrying value of the financial asset will exceed estimated future cash flows generated therefrom. Among other factors, rising interest rates and worsening economic conditions could be indicators of impairment for financial assets.

Trade Receivables

Significant financial difficulties of a debtor, probability that a debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable may be impaired. The amount of the allowance for doubtful accounts is management's best estimate of future expected credit risk loss exposure to existing customers at each reporting date. Although the Corporation has a program to assess customer credit worthiness, the current economic environment makes the estimate of future collectability a critical estimate.

Property Plant and Equipment

Depreciation methods and useful lives are reassessed at least annually with any changes in estimate being accounted for on a prospective basis.

Provisions

By their nature, provisions and contingent liabilities are dependent upon estimates including assessments as to whether the criteria for recognition have been met, and estimates of the probability and timing of cash outflows. Provisions for litigation are an estimate of the obligations, taking into account legal advice and information currently available.

Site Decommissioning Liabilities

The Corporation is required to remove or remedy the effect of its activities on the environment at its production facilities and terminals by dismantling and removing facilities and remediating any damage caused at the end of each site's operating life. Estimating future site decommissioning liabilities requires estimates and judgments to be made with respect to activities that will occur many years into the future. In addition, the ultimate financial impact of environmental laws and regulations is not always clearly known and cannot always be reasonably estimated as standards evolve in the countries in which the Corporation operates. Estimates related to provisions for environmental matters are developed with the help of external independent professional engineers and are based on the nature and extent of the remediation, as well as on the technology used for clean-up.

In arriving at amounts recorded, numerous assumptions and judgments are made with respect to ultimate settlement amounts, discount rates, timing of settlement and expected changes in legal, regulatory and environmental requirements and political climates. At each reporting date management reviews the assumptions underlying expected future cash flows, discount rates and timing of settlement of the liabilities.

Defined Benefit Pension Plans

These obligations will be settled in the future and assumptions regarding the discount rate, the best estimate of the plan's investment performance, salary escalations and retirement ages of employees are required to project the obligations and the fair value of plan assets. The Corporation engages independent external actuaries in the valuation of the Defined Benefit Pension Plans on an annual basis and at other than annual reporting dates when changes in key assumptions may have a significant impact on the reported amounts of plan assets or benefit obligations. Changes in key assumptions can have a significant impact on projected benefit obligations, funding requirements and pension expense recorded. An actuarial valuation is performed every three years for funding purposes as required by pension laws and was last performed as of December 31, 2013.

Adoption of New and Revised Reporting Standards

The Corporation adopted all of the new and revised standards issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB effective for periods beginning on or before January 1, 2014 including:

- IAS 32 Financial Instruments: Presentation
- IAS 36 Impairment of Assets
- IAS 39 Financial Instruments
- IFRIC 21 Levies

The adoption of IAS 32, 36, 39 and IFRIC 21 did not materially impact the Corporation's consolidated financial position or results of operations.

Future Accounting Pronouncements

The Corporation will be required to adopt the following new or revised standards issued by the IASB:

Standard	Description of Change	Effective Date
IFRS 9 (2014)	Financial Instruments	Effective for annual periods beginning on or after January 1, 2018
IFRS 15	Revenue from Contracts with Customers	Effective for annual periods beginning on or after January 1, 2017
IAS 19	Employee Benefits	Effective for annual periods beginning on or after July 1, 2014

The Corporation is in the process of determining the impact of these new and revised standards on its consolidated financial statements.

Forward Looking Statements and Information

This MD&A contains forward-looking statements and information relating to expected future events and financial and operating results of the Corporation and its subsidiaries, including with respect to: the magnitude of retained funds and the purposes to which they will be applied as a result of the decrease in dividends; the potential sale of NATO and other assets; the success of initiatives to reduce debt and enhance liquidity; the success of BIP in reducing costs and improving plant uptime and the magnitude and timing thereof, including at the NATO unit train facility; expectations for reduced investment in normalized working capital and containing maintenance capital spending and the magnitude thereof; improvements to operating reliability and manufacturing conversion efficiency; reduced demand for HCl and impact thereof; production increases at Brandon; North American sodium chlorate industry operating rates and demand; North American chlor-alkali and MECU prices in the first quarter of 2015 and thereafter; caustic soda prices in 2015; loading time improvements at the NATO unit train facility; nominations by NATO customers for unit trains and the use of spot contracts to offset lower nominations; Cash Operating Profit from NATO unit train activities and the timing thereof; cost reduction at NATO manifest operations; inventory levels of pulp; the impact of low oil prices and WTI/WCS differentials on the NATO transloading business; expected timing of anode replacement and return to normal production levels for the North America chlor-alkali facility; the factors affecting the Corporation's future liquidity; the sufficiency of net cash generated from operating activities to meet future obligations and commitments that arise in the normal course of the Corporation's business activities, including ongoing maintenance capital expenditures, dividends to common shareholders and normal course financial commitments; expectations with respect to Canexus' ability and sources of capital to finance its growth projects; expected future levels of maintenance capital expenditures; Canexus' dividend payment policy and strategy; expectations for the effect of indemnification obligations and contingent liabilities on the Corporation's liquidity, consolidated financial position or results of operations; and the adoption of new or revised accounting standards issued by the IASB.

The use of the words "expects", "anticipates", "continue", "estimates", "projects", "should", "believe", "plans", "intends", "may", "will" or similar expressions are intended to identify forward-looking statements. Forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements for a variety of reasons, including market and general economic conditions, future costs, treatment under governmental regulatory, tax and environmental regimes and the other risks and uncertainties detailed under "Risk Factors" in the Corporation's Annual Information Form filed on the Corporation's SEDAR profile at www.sedar.com. Management believes the expectations reflected in these forward-looking statements are currently reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Due to the potential impact of these factors, the Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

Any financial outlook information contained in this MD&A about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this MD&A should not be used for purposes other than those for which it is disclosed herein.

Non-GAAP and Additional GAAP Measures

EBITDA is a Non-GAAP measure that represents earnings generated to fund capital investment, meet financial obligations and fund dividends. It is considered a key measure as it demonstrates the ability of the business to meet its capital and financing commitments. EBITDA is calculated as net income (loss) (a GAAP measure) plus/minus interest expense, the provision for income taxes and depreciation and amortization. A reconciliation of EBITDA to net income (loss) for the Corporation for each financial period covered by this MD&A is provided on pages 27, 29 and 30.

Operating Profit (Loss) is an Additional GAAP measure that represents the contribution of product sales and service revenues after taking into consideration direct costs to produce products and deliver services (including depreciation and amortization), distribution, selling and marketing expense and general and administrative expense (including depreciation and amortization). It is considered a key measure as it reflects the ability of the business to generate earnings necessary to fund capital investment, meet financial obligations and fund dividends.

Cash Operating Profit (Loss) is a Non-GAAP measure that is defined as Operating Profit (Loss) before depreciation and amortization (which is included in cost of sales and general and administrative expense) and non-cash share-based compensation expense (recovery) (which is included in cost of sales, distribution, selling and marketing expense, and general and administrative expense). Cash Operating Profit (Loss) Percentage is calculated as Cash Operating Profit (Loss) divided by sales revenue. A reconciliation of Cash Operating Profit (Loss) to net income (loss) for the Corporation for each financial period covered by this MD&A is provided on pages 27, 29 and 30.

Distributable Cash is a Non-GAAP measure and therefore the Corporation's method of calculating distributable cash is unlikely to be comparable to methods used by other entities. A reconciliation of Distributable Cash to the net cash generated from (used in) operating activities (a GAAP measure) of the Corporation for the three months and years ended December 31, 2014 and 2013 is provided on page 5 under "Reconciliation of Net Cash Generated from (Used in) Operating Activities to Distributable Cash". Payout Ratio is calculated as dividends declared by the Corporation divided by Distributable Cash. Cash Payout Ratio is calculated as cash dividends (net of DRIP participation) paid by the Corporation divided by Distributable Cash.

Disclosure Controls and Procedures

The Corporation maintains disclosure controls and procedures (as defined under Multilateral Instrument 52-109 of the Canadian securities regulatory authorities) designed by, or caused to be designed under the supervision of the President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), to ensure that information required to be disclosed in reports filed or submitted under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified and that material information is accumulated and communicated to the Corporation's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

As of December 31, 2014, an evaluation was carried out, under the supervision of management, including the CEO and CFO, of the effectiveness of the Corporation's disclosure controls and procedures. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures were effective. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance.

Internal Controls over Financial Reporting

The Corporation is responsible for establishing and maintaining internal control over financial reporting (as defined under Multilateral Instrument 52-109 of the Canadian securities regulatory authorities) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, which represent generally accepted accounting principles for publicly accountable entities in Canada. The Corporation has designed internal controls over financial reporting based on the 1992 framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance.

As of December 31, 2014, an evaluation was carried out, under the supervision of management, including the CEO and CFO, of the effectiveness of the Corporation's internal controls over financial reporting. Based on that evaluation, the CEO and CFO concluded that the Corporation's internal controls over financial reporting were effective. There were no occurrences of fraud involving management or other employees who have a significant role in the Corporation's internal controls over financial reporting detected as part of this evaluation and which would have been required to be communicated to the Audit Committee of the Board of Directors or to our auditors.

There were no changes to internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, internal control over financial reporting during the three months and year ended December 31, 2014.