



Positioned for **Strong Performance**



Annual General Meeting
May 5, 2011

Dennis G. Flanagan

Chair



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Gary Kubera
President & CEO

2011 A Gateway to the Future

- Projects complete
- Extended recovery in North American pulp
- Price recovery underway
- Nexen exit and corporate conversion
- Delivering results

Strategic Foundation

**Low-cost
Advantage**

**Growth
Focus**

**Financial
Strength**

**Solid
Distributions**

2010 Accomplishments



TCP



Record production at Brandon



Completed 5 other growth projects



Return to unitholders

North Vancouver Chlor-alkali Plant (TCP) Low-cost competitive advantage for the long term



TCP Progress

Expected Benefits of the Project Continue to be Realized

- 60% of benefits from cost savings
- Markets improving
- Electrical efficiency of the new cell technology is better than expected
- Confirmed capacity
- Starting to realize natural gas and employment reductions with remaining amounts to be realized through the balance of this year

Key Growth Projects Completed in 2010

- TCP
- NATO - build-in of second major rail line
- Brazil - 4,400 MT sodium chlorate expansion, hydrochloric acid expansion, hydrogen project
- North Vancouver - hydrochloric acid expansion
- Brandon - initiated electrical line upgrade

**Extracting Value From Our Existing Sites
Supports Our Low Cost Advantage**

Financial Results

2011 the Beginning of Improving Financial Performance

	2011F	2010
Sales Revenues	\$520.0 M	\$457.0 M
Gross Margin	31%	22%
Distributable Cash	\$66 M	\$60 M
Payout Ratio	90-95%	95%
Y/E Debt to EBITDA Ratio	<3.0	3.4
F/X	US \$1.02	US \$0.97

2012 payout ratio expected to improve to 70% with F/X at US\$1.02

Corporate Conversion

**Income
Trust**



**Canexus
Corporation**

Unitholder approval May 5, 2011

Conversion expected July 1, 2011

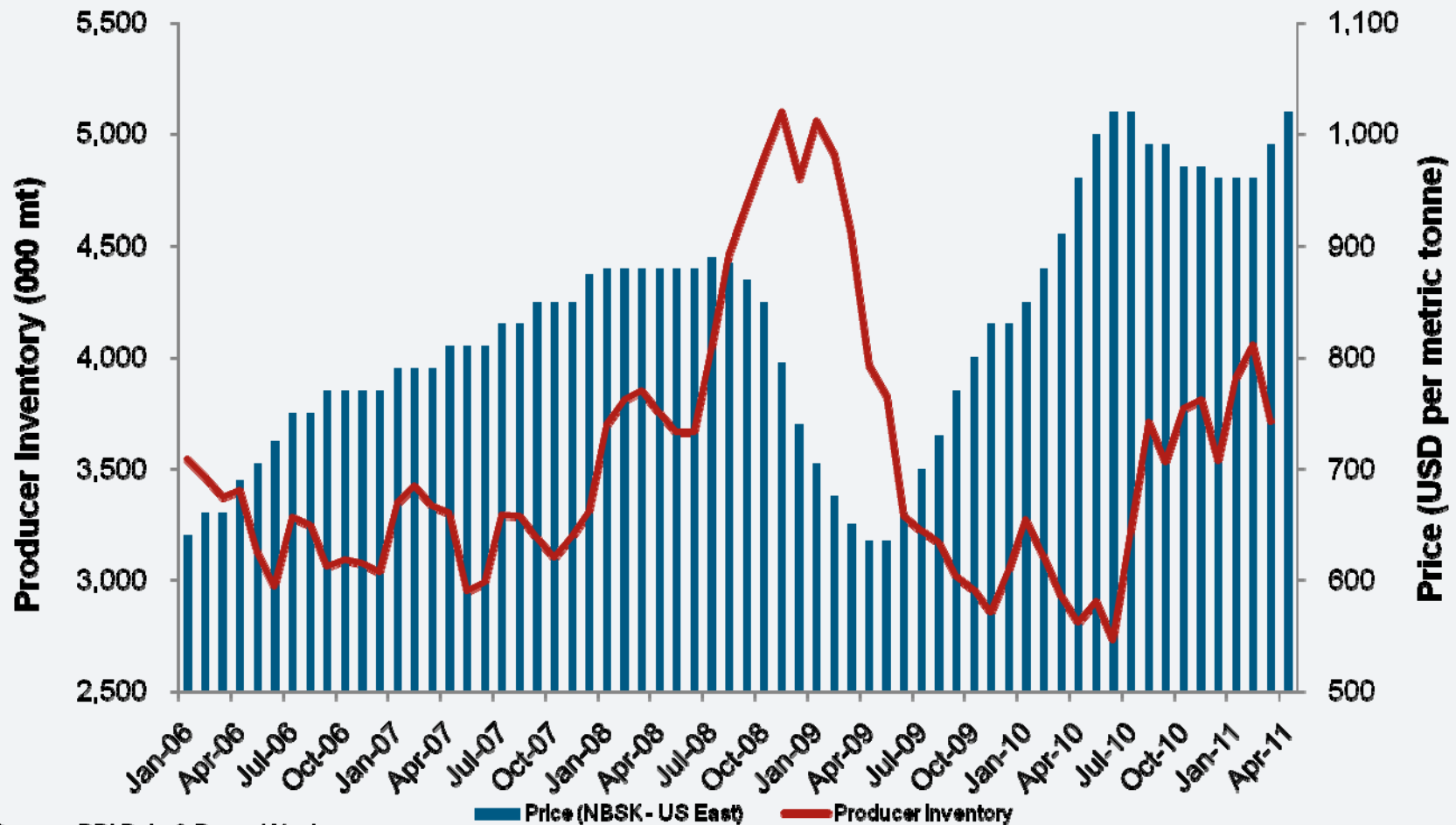
**Strategy of Distributions & Growth
Distributions Maintained**

Market Conditions Support Improving Momentum for the Next Several Years



- Extended pulp market strength benefits North American producers
- Renewed US Gulf Coast competitiveness in PVC
 - Low natural gas relative to oil
 - Significant slow down in China PVC (and chlor-alkali) growth
- Medium term impact from Japan earthquake
- Strong Canadian dollar
- Expiration of price increase limiting contracts in 2011

Global Pulp Market Remains Strong



Source: PPI Pulp & Paper Week

Pulp Market Dynamics

Signal Continued Tightness



	2010	2011	2012	2013	Total
Demand Growth (000mt)	2,436	5,336	1,848	1,677	11,297
Greenfield (000mt)	130		500	4,100	4,730
Re-starts/Creep (000mt)	1,535	140	590		2,265
Repurposed (000mt)	170	(409)			(239)
Net Supply (Deficiency) Excess (000mt)	(601)	(5,605)	(758)	2,423	(4,541)
Demand/Capacity Ratio (%)	86%	92%	92%	90%	+4%

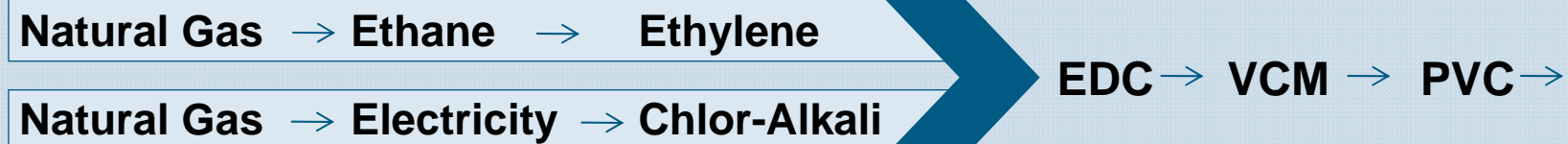
Source: RISI

Regional PVC Chain Raw Material Differences

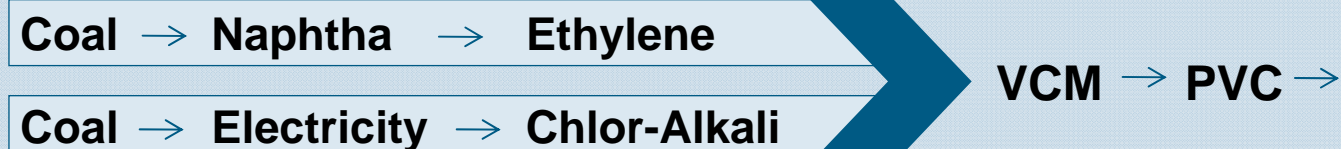
MOST OF THE WORLD



NORTH AMERICA & MIDDLE EAST



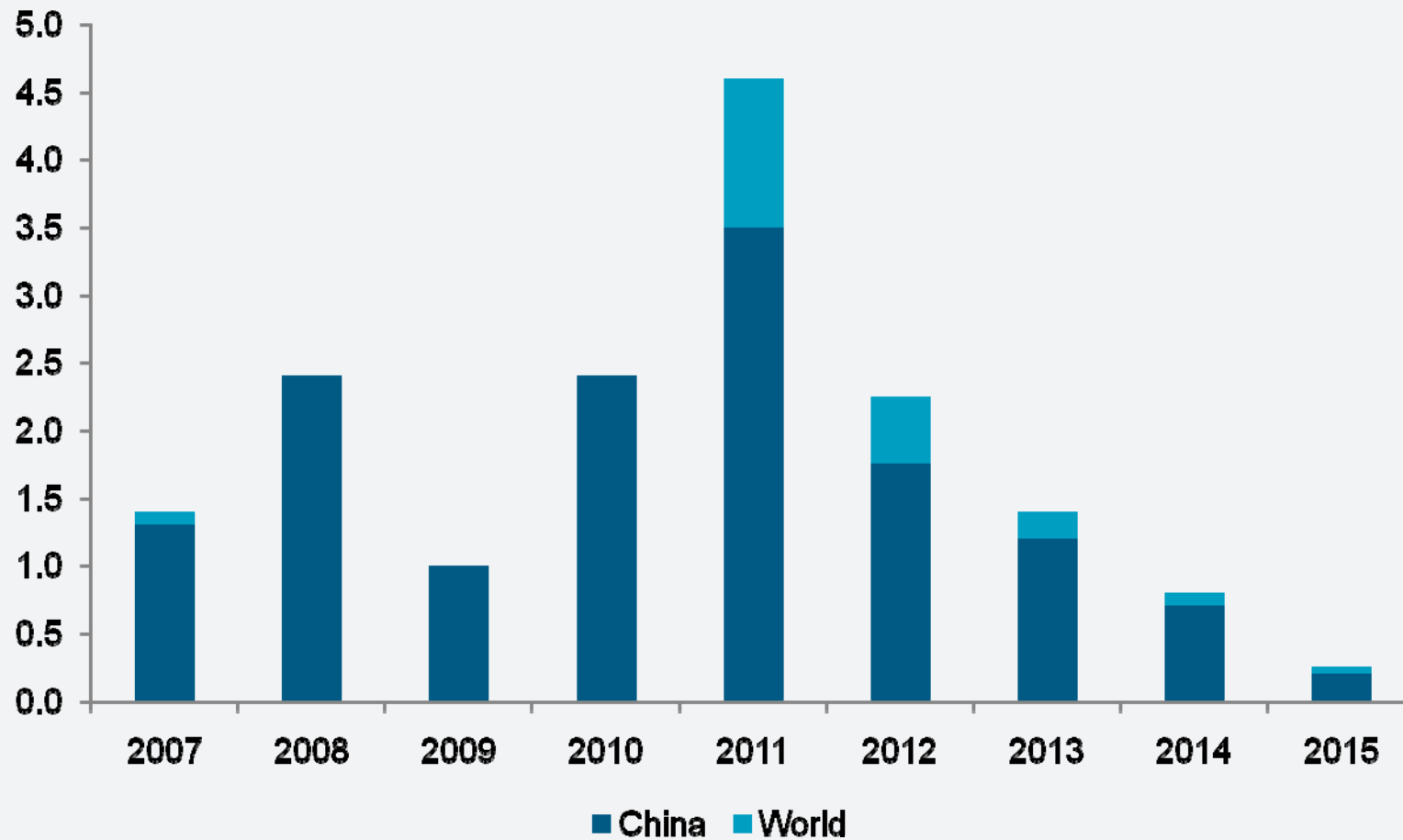
CHINA



Pipe and Other Fabricated Products

World PVC Capacity Additions

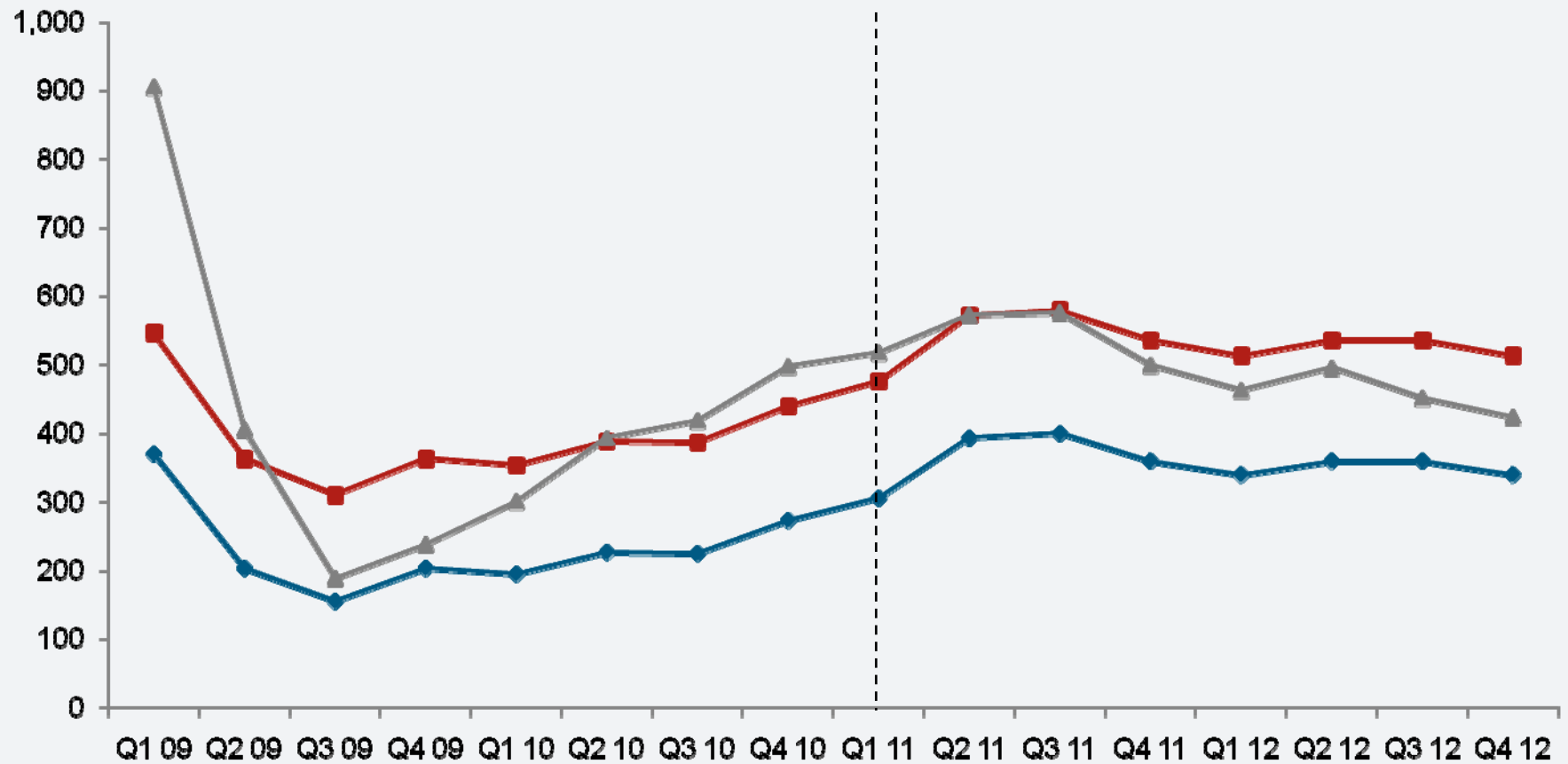
Million Metric Tons



Source: CMAI

Caustic Soda Price Forecast

US\$ Per Dry Metric Ton



◆ CMAI FOB Asla Port
 ■ CMAI FOB Asla Port + Ocean Freight, Terminal and Margin
 ▲ CMAI USG FOB Producer

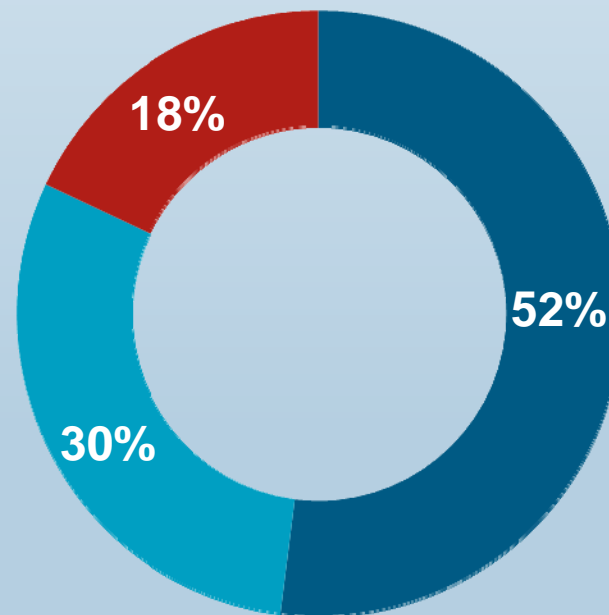
Source: CMAI



Business Unit Performance

Canexus Business Unit Updates

2011 Expected Operating Cash Flow (by business unit)



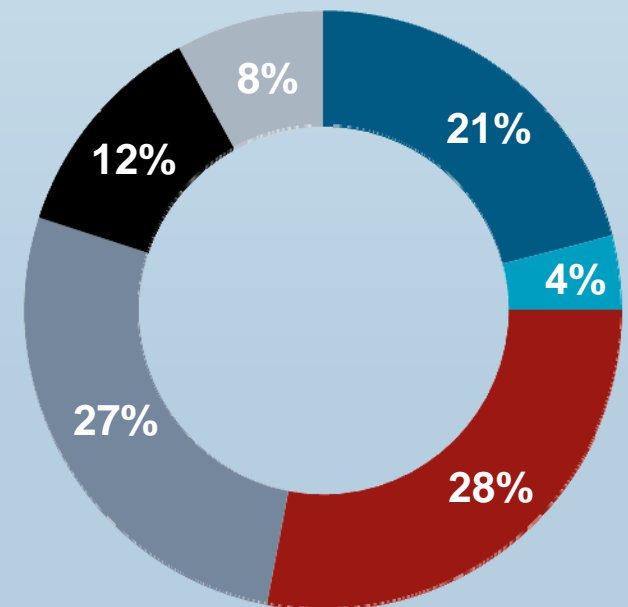
- North American Sodium Chlorate
- North American Chlor-Alkali
- South America

Brandon Unrivalled Advantage

Anchors our North America Chlorate Business

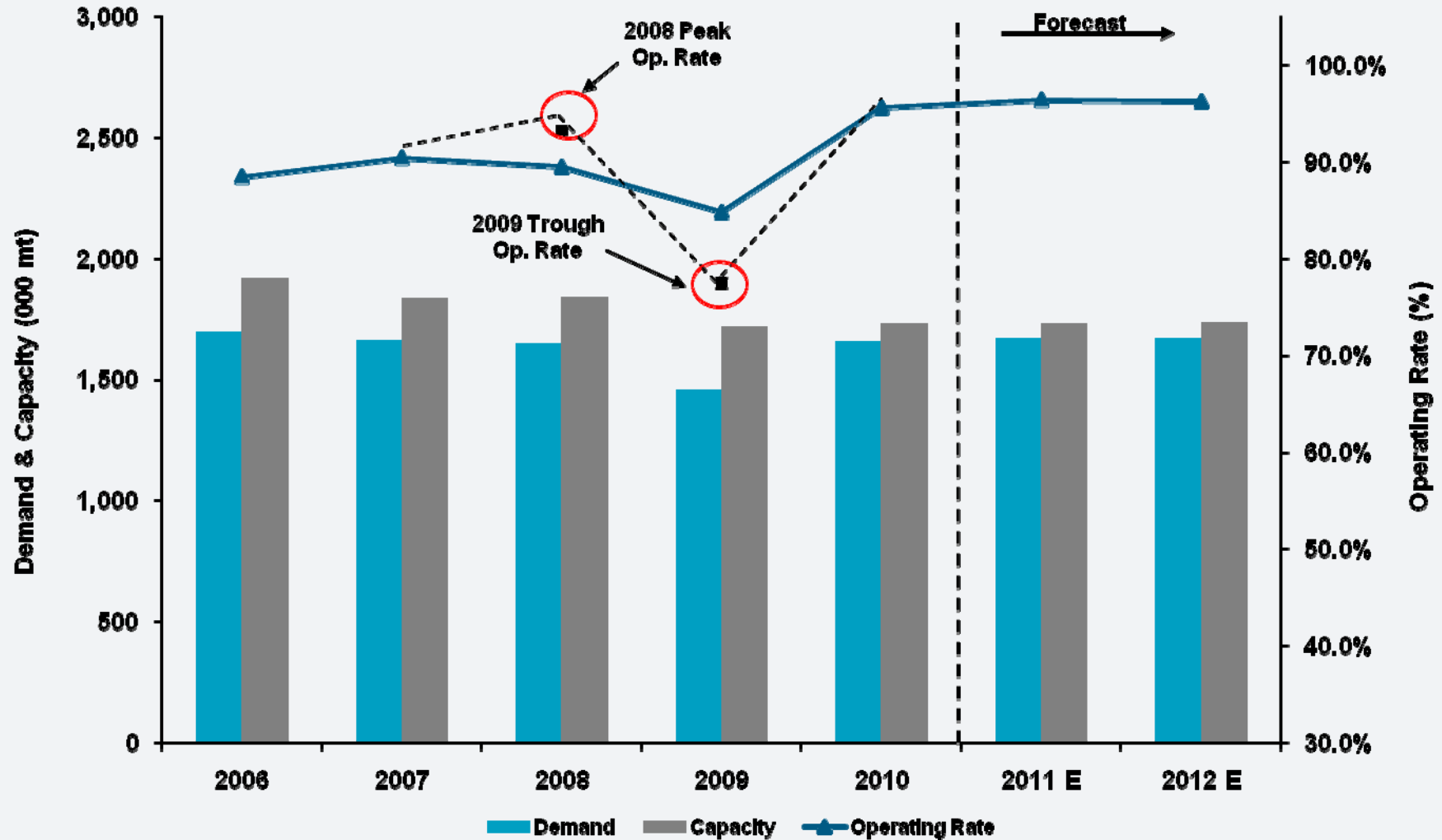
- Brandon plant is the flagship of North American sodium chlorate business and is 82% of Canexus capacity
- Industry leading cost position is a sustainable competitive advantage for Canexus
- Market has historically responded to demand changes with capacity rationalization

North American Sodium Chlorate Capacity Share



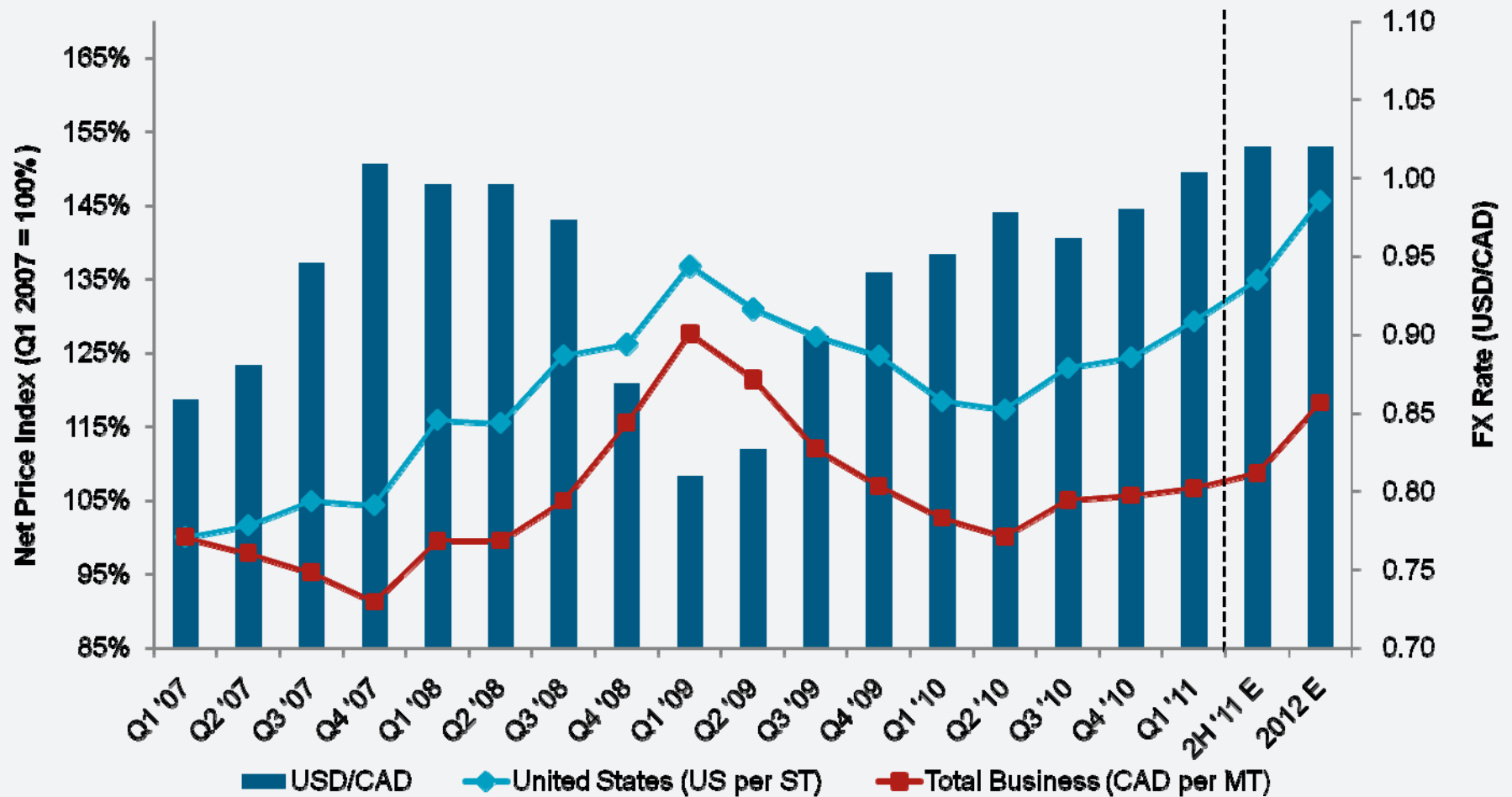
- Canexus
- ChemTrade Logistics Income Fund
- Eka Chemicals
- ERCO Worldwide (Superior Plus)
- Kemira
- Tronox

Sodium Chlorate Market Cycle



Chlorate Net Price History and Projections

Total Business & United States



Chlor-Alkali Business Unit

- Canexus is the sole major producer in Western Canada and the Pacific Northwest region (niche player with ~ 1.5% share of North American market)
- Western Canada/PNW region imports ~ 50% of its caustic requirement
- TCP expanded Canexus capacity by ~ one-third
- North American industry operating rates supported by chlorine derivative exports expected to continue with natural gas price disparity v. crude oil
- North American GDP growth should increase domestic demand as the NA economy continues to improve
- Canexus is looking at options to derivatize more of its chlorine (i.e. hydrochloric acid and calcium chloride)

Brazil: 2011 – Record Operating Cash Flow Expected



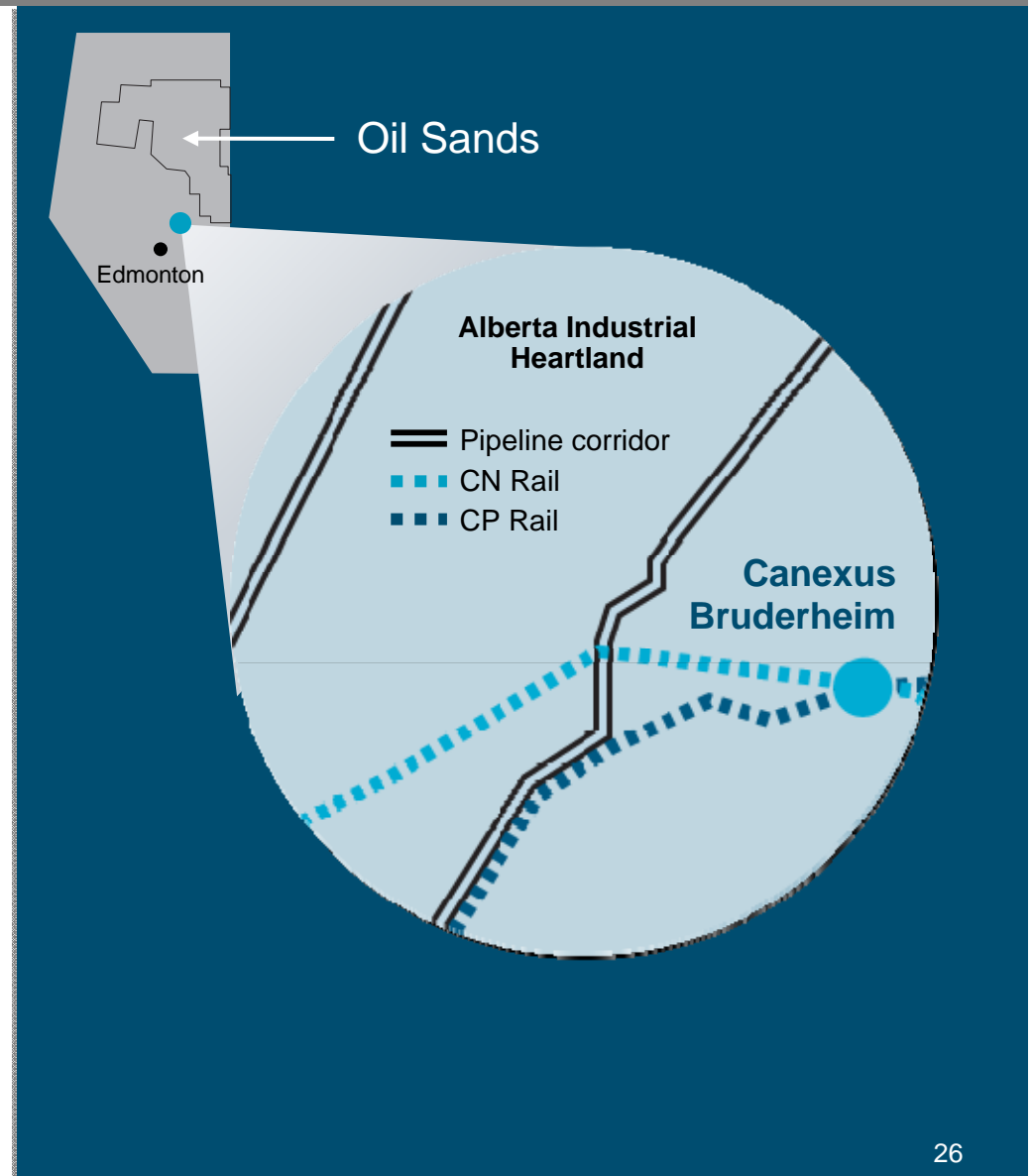
10%

Improvement in OCF in 2011 vs 2010

- Fibria - high operating rates expected for 2011
- Chlorine market strength combined with flexibility from completion of hydrochloric acid expansion should result in high chlor-alkali plant operating rates

North American Terminal Operations

- Grown volume and customer base
- Validated many of the site advantages
- Site served by both CN & CP Rail
- Developed market credibility
- Terminalling capability for six oilsands support products



Q1 Performance

	Q1 2011
Sales Revenues	\$126 M
Cash Operating Profit (OCF)	\$22 M
Distributable Cash	\$9.1 M
Payout Ratio % ⁽¹⁾	173%
F/X	US\$1.00

(1) Includes impact of TCP severance payments of \$1.6 million

2011 Outlook

Building Momentum into 2012



Operating Cash Flow Expectations for 2011

Q1	\$22 M
Q2	\$25-\$30 M
Q3	\$35-\$40 M
Q4	\$30-\$35M
Payout Ratio %	90-95%
F/X	US\$1.02 for balance of 2011

Continued Growth

- Selective expansion into new products and markets that bring:
 - Sustainability
 - Critical mass
 - Higher growth markets
- Brandon debottleneck expansion in 2012/13
- Multi-phase NATO expansion
- North Vancouver hydrochloric acid expansion in 2013
- Continued Brazil investment

**Extend a Proven Track Record of Growth
Maintain Strong Balance Sheet**

Forward-looking Statements

This presentation contains forward-looking statements and information relating to expected future events and financial and operating results of the Fund, Canexus LP and its subsidiaries, including with respect to pricing for sodium chlorate and chlor-alkali products, expected volumes of and demand for sodium chlorate or chlor-alkali products, expected currency exchange rates, the Fund's expected payout ratio, global caustic soda demand, expectations for MECU prices, expectations regarding North Vancouver facility operations, the timing of TCP completion, the expenses related thereto and its contribution to operating cash flow, the timing of completion and contribution to operating cash flow of growth projects, including the Brazil sodium chlorate and hydrochloric acid expansions, North Vancouver hydrochloric acid project and NATO rail infrastructure project, available tax deductions and the approval of the unitholders of the conversion from an income trust to a corporate structure. Investors should be cautioned that any decision to pay dividends following the conversion to a corporation will be made by the board of directors of Canexus on the basis of Canexus' earnings, financial requirements and other conditions existing at such future time. 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. These 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 Fund's Annual Information Form filed on the Fund'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 Fund and Canexus LP disclaim 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. Financial outlook information contained in this press release 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. Such financial outlook information should not be used for purposes other than those for which it is disclosed herein.

All dollar amounts are in Canadian dollars, except as otherwise noted



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