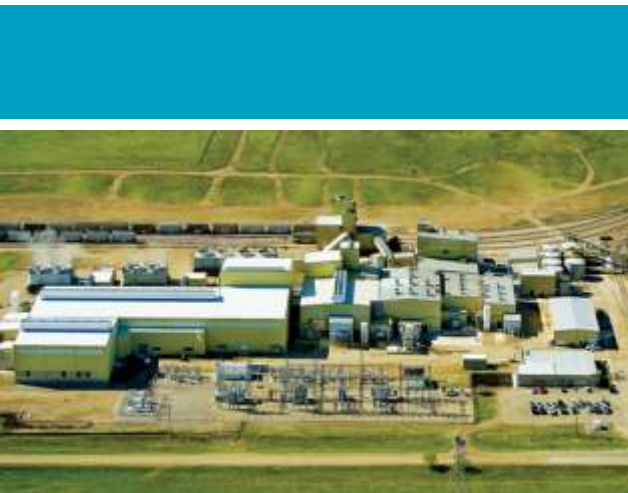




# Positioned for **Strong Performance**



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**January 2012**

# Strategic Foundation

**Low-cost  
Advantage**

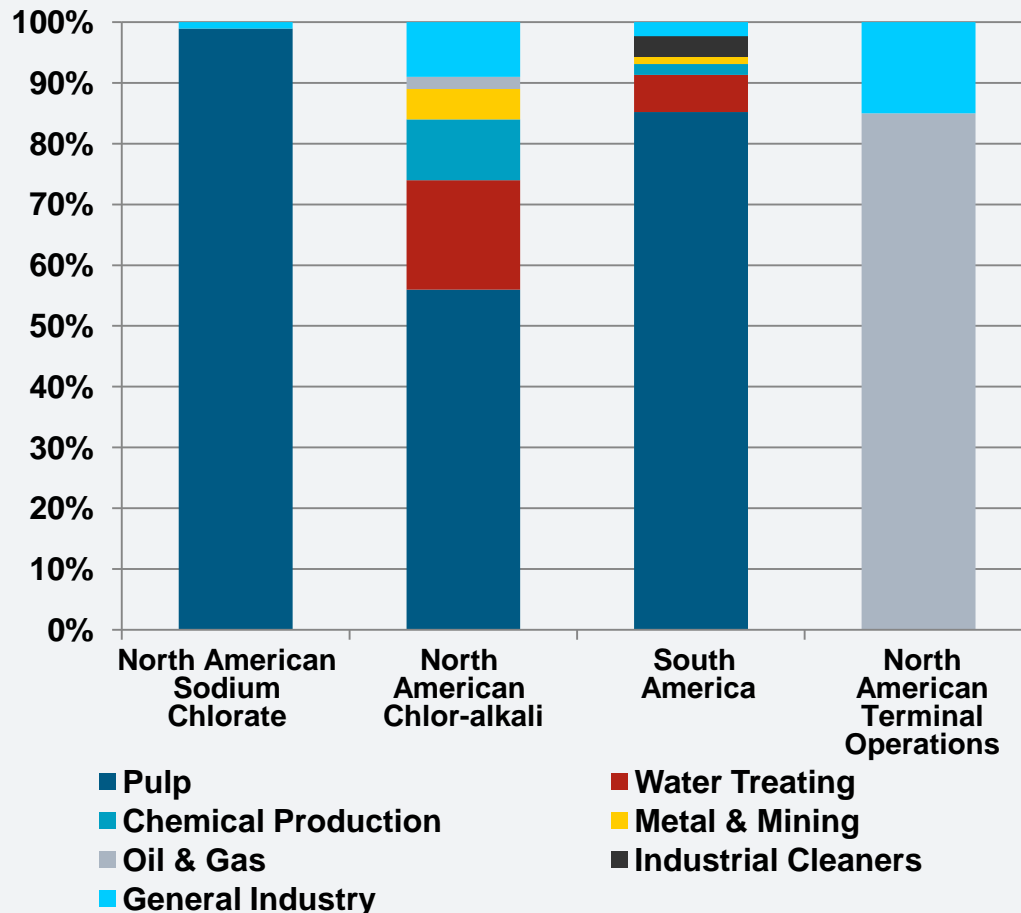
**Growth  
Focus**

**Financial  
Strength**

**Solid  
Dividends**

# Proven Processes & Diversified Products

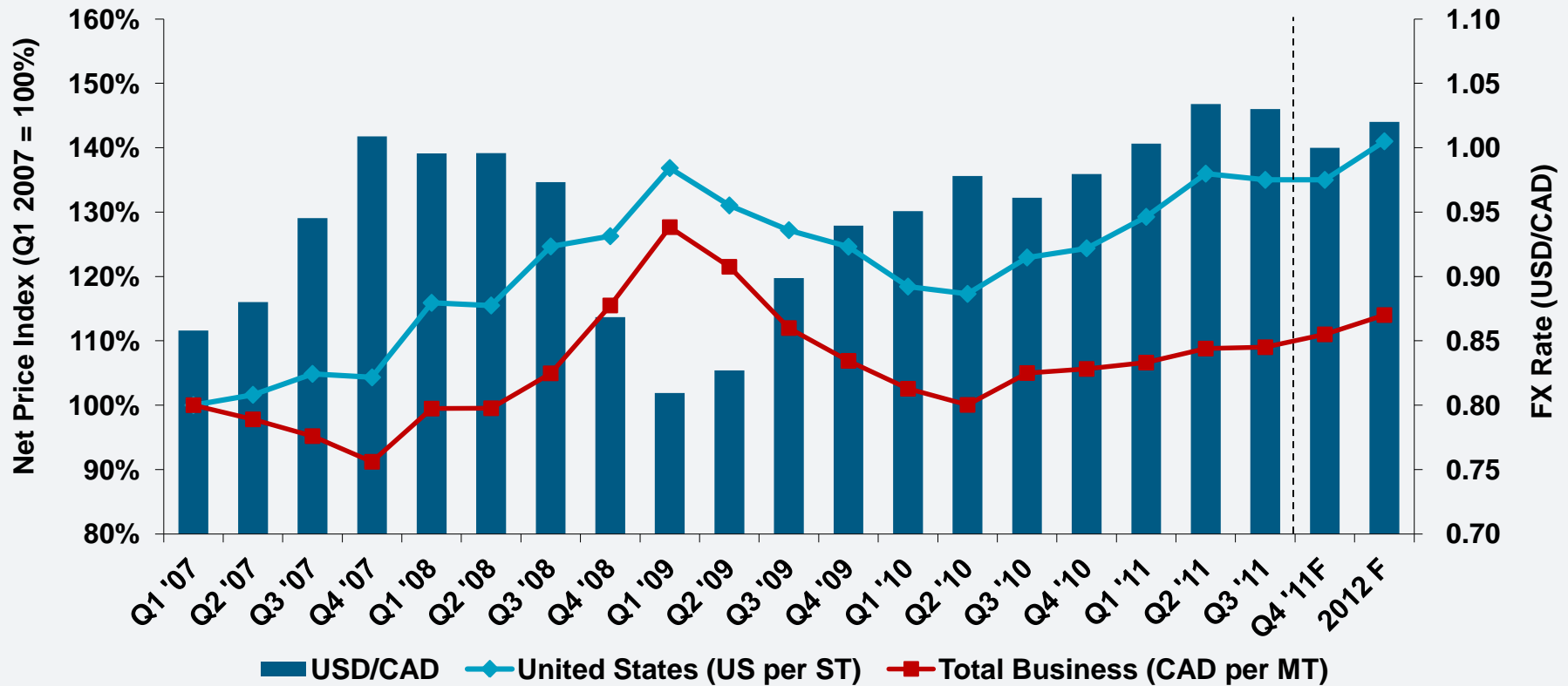
**Business Unit and Market Diversity**  
(Net Sales %)



- Raw materials:
  - Salt
  - Water
  - Electricity
- Principle products:
  - Sodium chlorate
  - Caustic soda
  - Chlorine
  - Hydrochloric acid
- Terminal services

# Market Dynamics Remain Strong

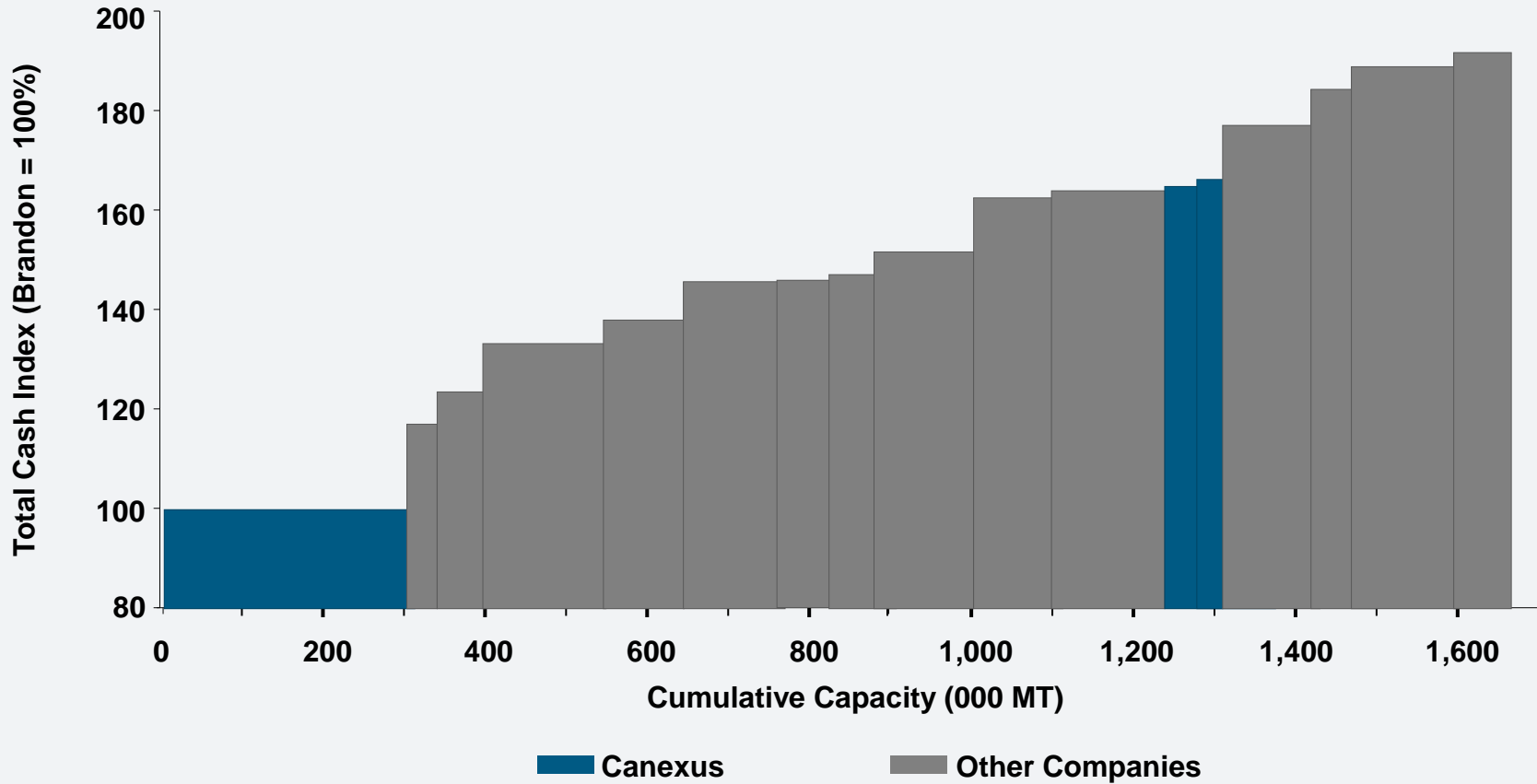
## Chlorate Net Price



**High Operating Rates Supporting Further Price Momentum**

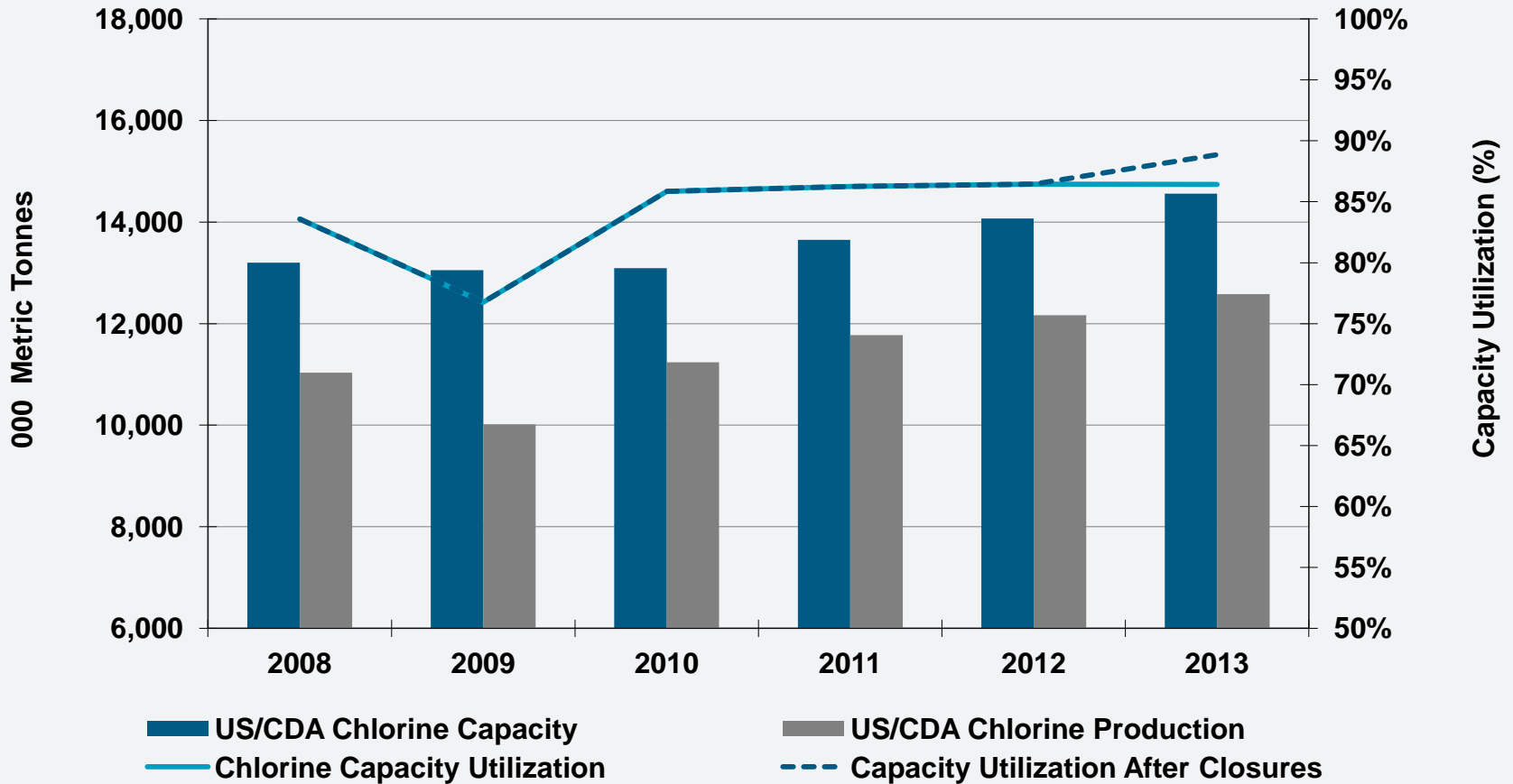
# Compelling Cost Advantage

## 2011 Chlorate Industry Cash Cost Curve



Source: Publicly available data and Canexus proprietary cost data

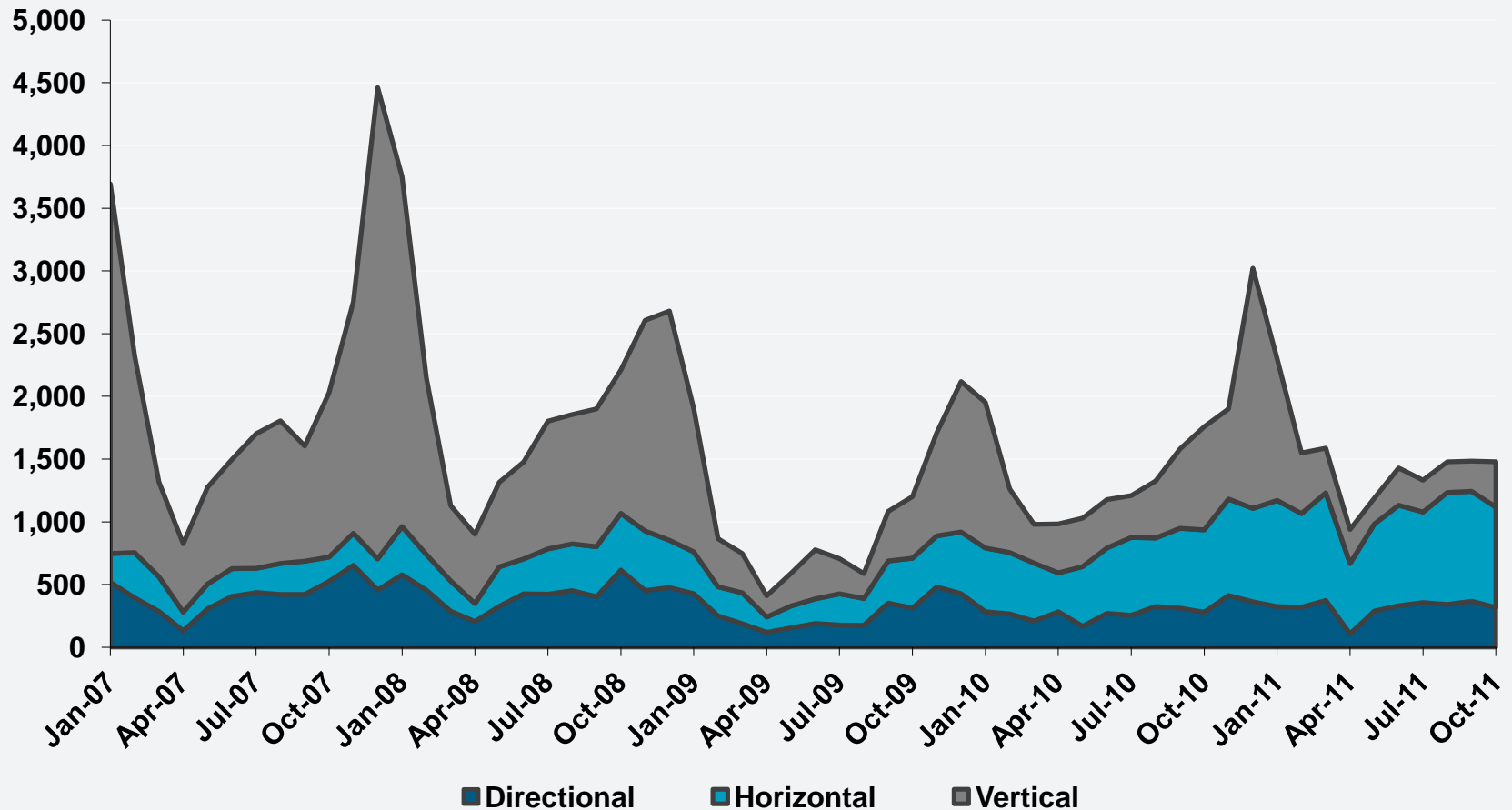
# Chlor-Alkali Operating Rates Holding



Source: Chemical Market Associates, Inc. (CMAI)

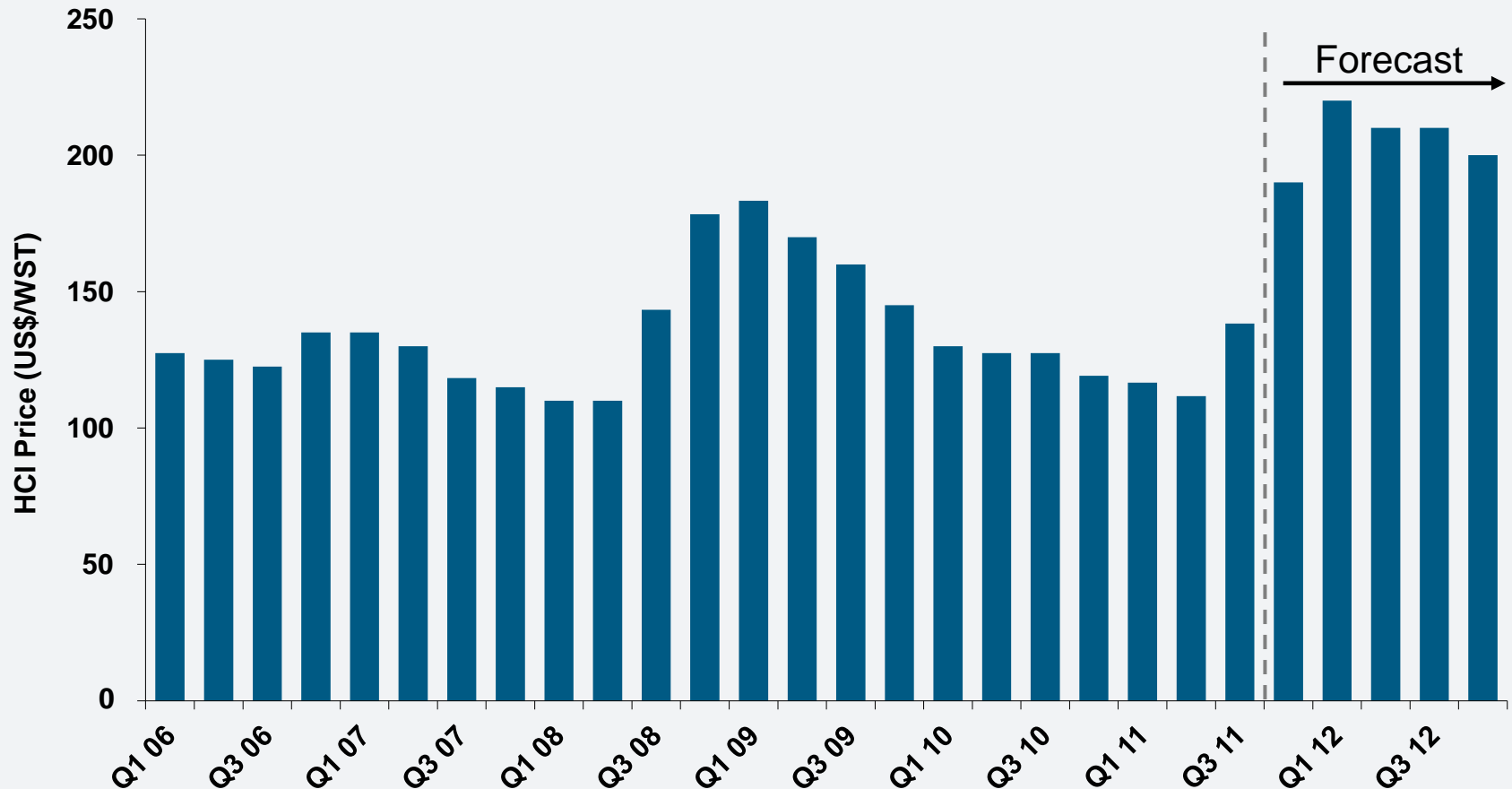
# Drilling Technology Drives Strong Acid Demand Growth

## Canadian Licenses Issued



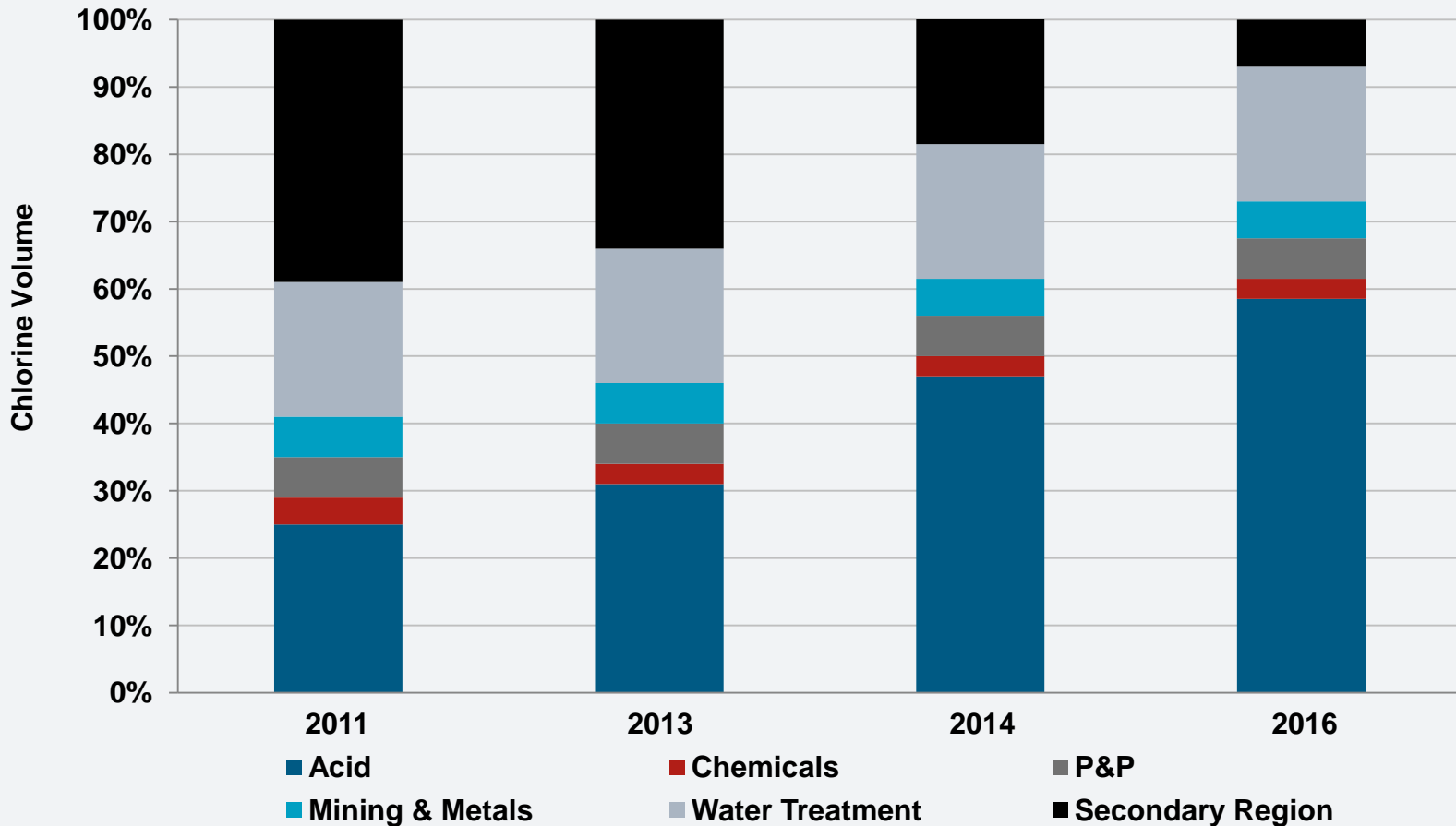
# Strong Demand & Limited Supply Driving Acid Prices

## Hydrochloric Acid Price Trend (Delivered Midwest; 22 Be)

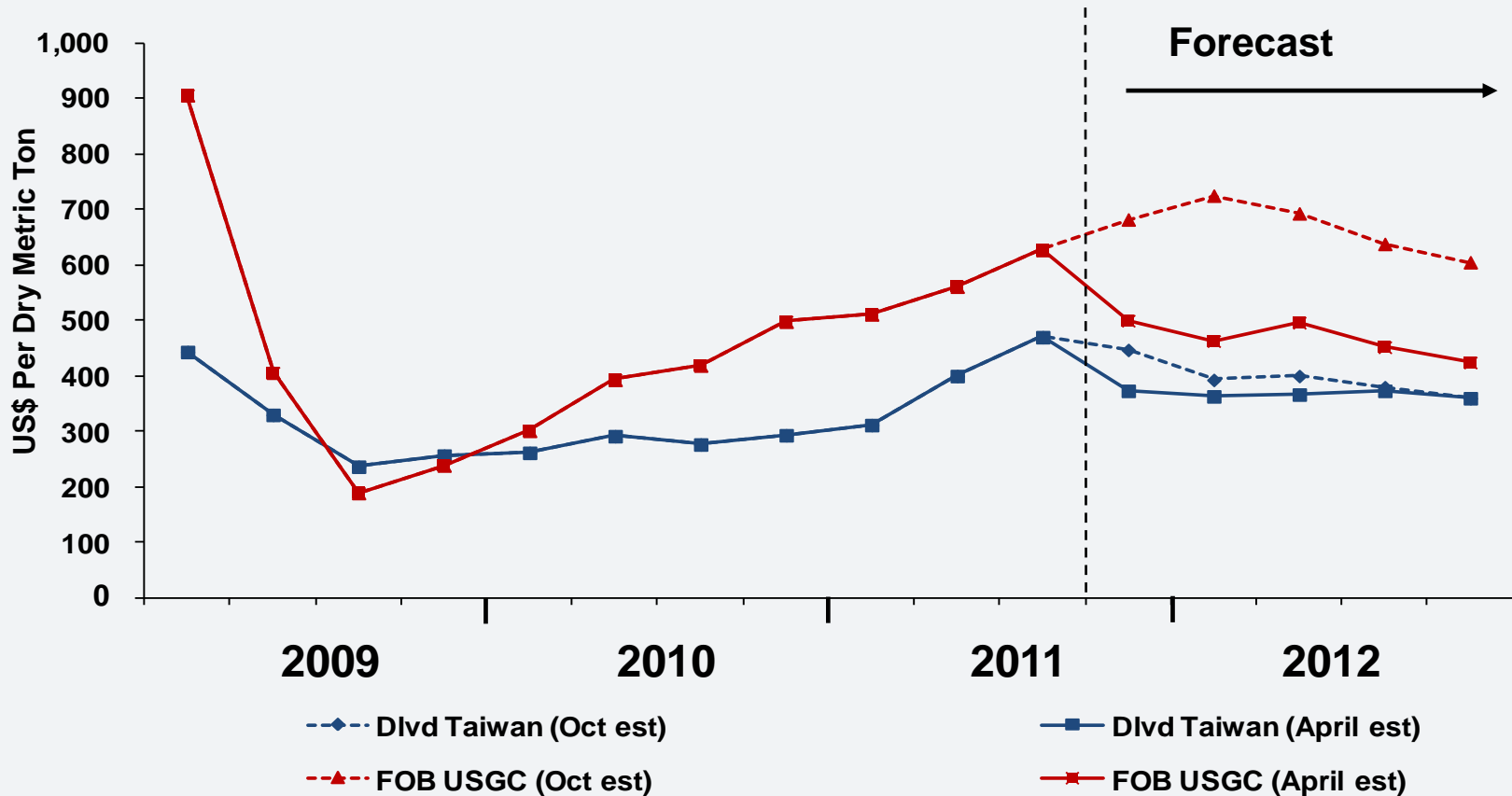


Source: Chemical Market Associates, Inc.

# Strategic Shift in Chlorine Distribution



# Caustic Price Outlook Improving



Source: Chemical Market Associates, Inc.: 1) Average Acquisition Price FOB USGC 2) NE Asia Contract Average DLVD Taiwan

## **Aligned with a Strong Partner**

- Fibria – World's largest market pulp producer
- Espirito Santo mill is among the lowest cost in the world

## **Contract Structure - Provides Cash Flow Stability**

- 25 year contract term
- Fixed margin structure allows predictability

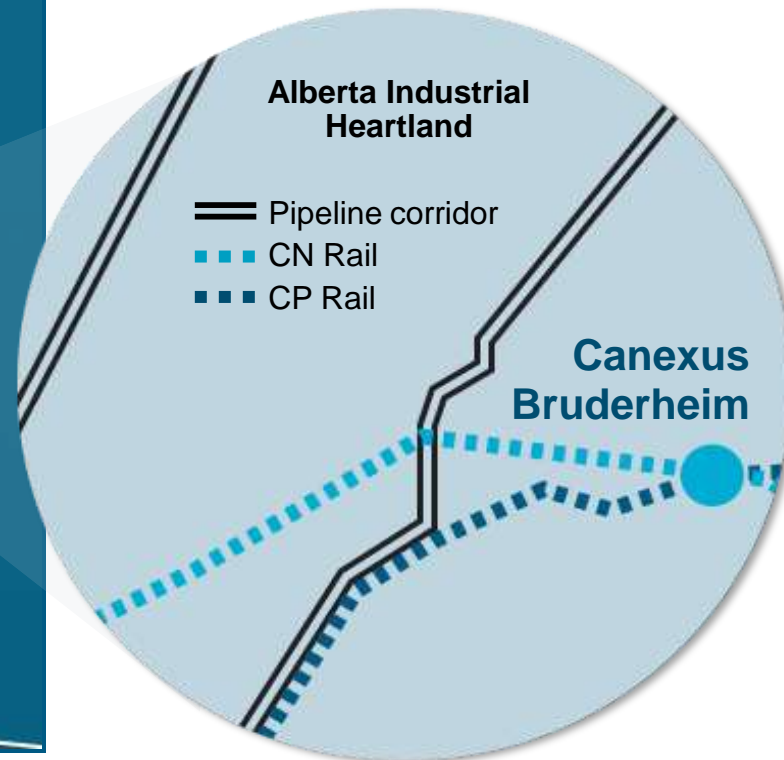
## **Growth Opportunities**

- Future growth possibilities with Fibria
- Regional presence in high-growth economy

# Focus Markets: Diversified High Growth Energy Industries



- Oil Sands bitumen & diluent terminalling
- Acid terminalling for horizontal fracturing
- Renewable fuels supply to local refineries



# Bitumen Market Investing for Rail Channel-to-Market

## Crude Oil Unit Train Receiving Terminals



# Expanding Bruderheim Terminal Capabilities

## TARGET MARKET: HORIZONTAL FRACTURING

Hydrochloric Acid  
Kerosene  
Diesel  
Proprietary Fracturing Fluids  
Custom Blending Services

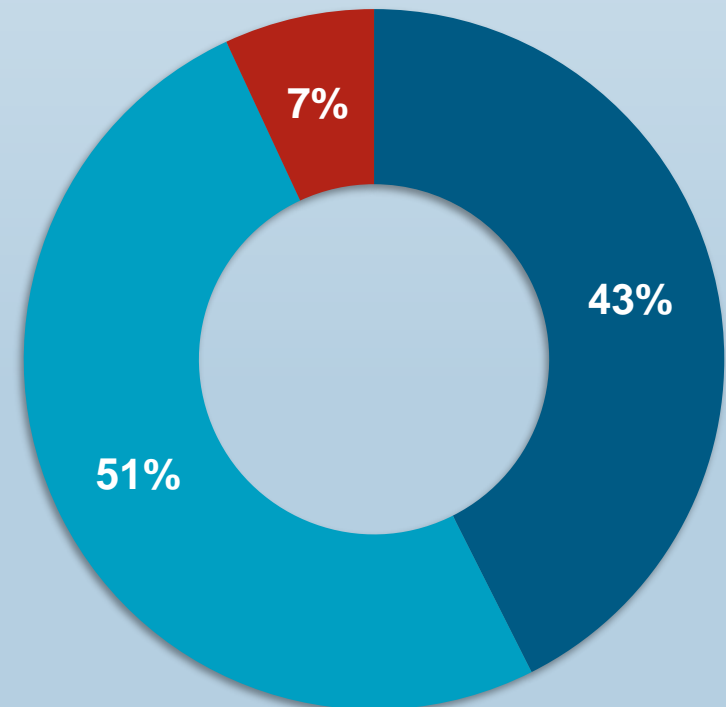
## TARGET MARKET: OIL SANDS & CONVENTIONAL OIL

C5+ Condensate  
Butane  
Pipeline-grade diluted bitumen (70/30)  
Concentrated bitumen (90/10)  
Conventional heavy oil  
Caustic Soda  
Hydrochloric Acid

## TARGET MARKET: RENEWABLE FUELS

Biodiesel  
Ethanol

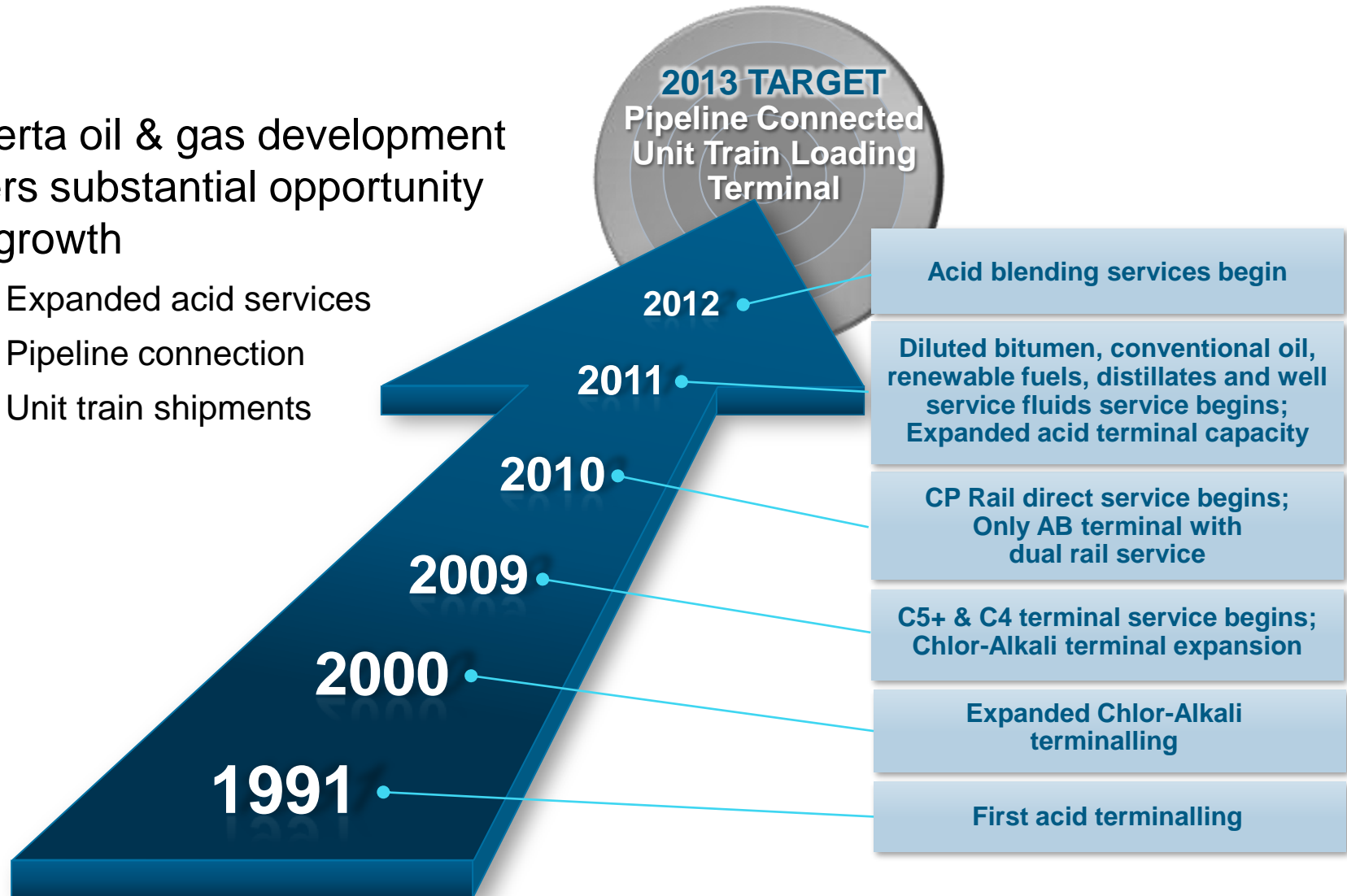
Target Market %



# Focused Growth Plan Builds on History & Target Markets

- Alberta oil & gas development offers substantial opportunity for growth

- Expanded acid services
- Pipeline connection
- Unit train shipments



# Expected 2011 and 2012 Financial Results

	2011F	2012F**
Cash Operating Profit	\$120.0 - \$122.0 M	<b>\$140.0 - \$145.0 M</b>
Distributable Cash	\$69.0 M	<b>\$80.0 - \$85.0 M</b>
Payout Ratio	90%	<b>75 - 80%</b>
Y/E Debt* to EBITDA Ratio	2.30	<b>2.00</b>
F/X	US \$1.01	<b>US \$1.01</b>

\* Excludes convertible debentures

\*\* See December 15, 2011 press release

# Continued Growth

- Multi-phase NATO expansion
- North Vancouver hydrochloric acid expansion in 2013
- Brandon debottleneck expansion under consideration
- Continued Brazil investment
- Selective expansion into new products and markets

**Sustainability**

**Critical Mass**

**Higher Growth Markets**

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

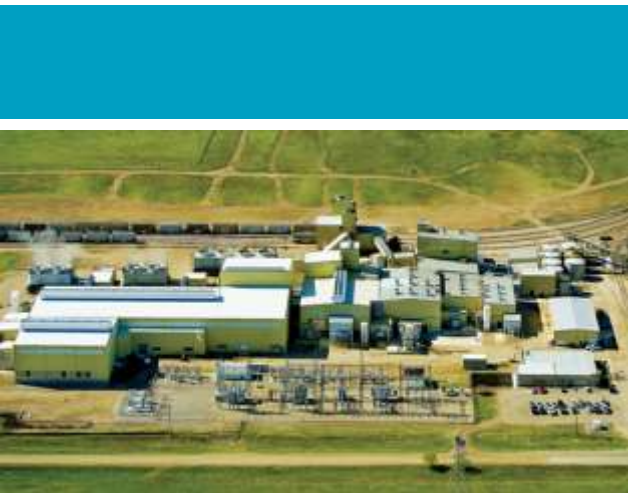
# Forward-looking Statements

This presentation contains forward-looking statements and information relating to expected future events relating to Canexus and its subsidiaries, including with respect to sodium chlorate industry operating rates and their impact on pricing for sodium chlorate, the timing of completion of power line capacity upgrades at Brandon, MECU netbacks, reduced fixed operating costs as a result of completion of the TCP, demand from Canexus' major Brazilian customer, demand from the oil and gas industry for hydrochloric acid terminal capacity at Bruderheim and the timing of completion of a facility expansion and pipeline interconnection in relation thereto, and price expectations for hydrochloric acid, crude oil supplies and their impact on demand for and sustainability of oil-by-rail shipping services, fundamentals and demand in the global pulp market and pulp capacity and production growth in relation thereto, caustic soda supply and demand and the impact on prices, facility utilization and operating rates in relation to demand expectations, expectations regarding payout ratios and the sustainability of operating cash flow and dividends and expectations in relation to Canexus capital structure. 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 Canexus Income Fund's Annual Information Form filed on Canexus Income Fund's SEDAR profile at [www.sedar.com](http://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, Canexus 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. 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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