CHEMTRADE LOGISTICS INCOME FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2016

The information in this Management's Discussion and Analysis, or MD&A, is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial condition of Chemtrade Logistics Income Fund (the “Fund”). Throughout this MD&A, the term “Chemtrade” refers to the Fund and its consolidated subsidiaries. The terms “we”, “us” or “our” similarly refers to Chemtrade. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of Chemtrade for the three and six month periods ended June 30, 2016, the audited consolidated financial statements of Chemtrade for the year ended December 31, 2015 and the annual MD&A for the year ended December 31, 2015.

Chemtrade's financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). Chemtrade's reporting currency is the Canadian dollar. In this MD&A, per unit amounts are calculated using the weighted average number of units of the Fund outstanding for the applicable period unless otherwise indicated.

Caution Regarding Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements within the meaning of certain securities laws, including the *Securities Act* (Ontario). Forward-looking statements can be generally identified by the use of words such as “anticipate”, “continue”, “estimate”, “expect”, “expected”, “intend”, “may”, “will”, “project”, “plan”, “should”, “believe” and similar expressions. Specifically, forward-looking statements in this MD&A include statements respecting certain future expectations about: capital expenditures; the ability of Chemtrade to access tax losses and tax attributes; the tax characterization of planned distributions; sources, use and sufficiency of cash flows; the amount of any long-term incentive compensation; the timing and effect on Chemtrade of the expected closure of Fibrant’s facility; the effect of changes in the exchange rate; the sustainability of the Fund’s distribution rate; and our ability to reduce leverage levels. Forward-looking statements in this MD&A describe the expectations of Chemtrade as of the date hereof. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements for a variety of reasons, including without limitation the risks and uncertainties detailed under the “RISK FACTORS” section of the Fund's latest Annual Information Form and the **Risks and Uncertainties** section below.

Although Chemtrade believes the expectations reflected in these forward-looking statements and the assumptions upon which they are based are reasonable, no assurance can be given that actual results will be consistent with such forward-looking statements, and they should not be unduly relied upon. With respect to the forward-looking statements contained in this MD&A, Chemtrade has made assumptions regarding: there being no significant disruptions affecting the operations of Chemtrade, whether due to labour disruptions, supply disruptions, power disruptions, transportation disruptions, damage to equipment or otherwise; the ability of Chemtrade to obtain products, raw materials, equipment, transportation, services and supplies in a timely manner to carry out its activities and at prices consistent with current levels or in line with Chemtrade’s expectations; the timely receipt of required regulatory approvals; the cost of regulatory and environmental compliance being consistent with current levels or in line with Chemtrade’s expectations; the ability of Chemtrade to successfully access tax losses and tax attributes; the ability of Chemtrade to obtain financing on acceptable terms; currency, exchange and interest rates being consistent with current levels or in line with Chemtrade's expectations; and global economic performance.

Chemtrade disclaims any intention or obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement.

Financial Highlights

These financial highlights have been presented in accordance with IFRS.

($'000 except per unit amounts)	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Revenue	$ 304,170	$ 338,767	$ 640,284	$ 664,797
Net (loss) earnings	$ (17,567)	$ 22,988	$ 11,219	$ 14,033
Net (loss) earnings per unit	$ (0.25)	$ 0.33	$ 0.16	$ 0.20
Diluted net (loss) earnings per unit	$ (0.25)	$ 0.25	$ 0.16	$ 0.20
Total assets	$ 2,162,796	$ 2,365,675	$ 2,162,796	$ 2,365,675
Current portion of long-term debt	$ 3,523	$ 3,276	$ 3,523	$ 3,276
Long-term debt	$ 610,800	$ 612,647	$ 610,800	$ 612,647
Convertible unsecured subordinated debentures	$ 241,611	$ 255,761	$ 241,611	$ 255,761
Adjusted EBITDA (1)	$ 59,442	$ 58,689	$ 113,433	$ 116,772
Adjusted EBITDA per unit (1)(2)	$ 0.86	$ 0.85	$ 1.64	$ 1.70
Cash flows from operating activities	$ 23,363	$ 46,036	$ 35,731	$ 25,710
Cash flows from operating activities per unit (2)	$ 0.34	$ 0.67	$ 0.52	$ 0.37
Adjusted cash flows from operating activities (1)	$ 48,371	$ 46,973	$ 90,691	$ 92,388
Adjusted cash flows from operating activities per unit (1)(2)	$ 0.70	$ 0.68	$ 1.31	$ 1.34
Distributable cash after maintenance capital expenditures (1)	$ 39,665	$ 38,769	$ 77,132	$ 80,474
Distributable cash after maintenance capital expenditures per unit (1)(2)	$ 0.57	$ 0.56	$ 1.12	$ 1.17
Distributions declared	$ 20,721	$ 20,697	$ 41,442	$ 41,263
Distributions declared per unit (3)	$ 0.30	$ 0.30	$ 0.60	$ 0.60
Distributions paid	$ 20,721	$ 20,653	$ 41,442	$ 41,207
Distributions paid per unit (3)	$ 0.30	$ 0.30	$ 0.60	$ 0.60

(1) See **Non-IFRS Measures**.

(2) Based on weighted average number of units outstanding for the period of:	69,071,369	68,858,553	69,070,298	68,690,031

(3) Based on actual number of units outstanding on record date.

Non-IFRS Measures

EBITDA and Adjusted EBITDA -

Management defines EBITDA as net earnings before any deduction for net finance costs, taxes, depreciation and amortization. Adjusted EBITDA also excludes other non-cash charges such as gains and losses on the disposal and write-down of assets, and unrealized foreign exchange gains and losses. EBITDA and Adjusted EBITDA are metrics used by many investors and analysts to compare organizations on the basis of ability to generate cash from operations.

Management considers Adjusted EBITDA (as defined) to be an indirect measure of operating cash flow, which is a significant indicator of the success of any business. Adjusted EBITDA is not intended to be representative of cash flow from operations or results of operations determined in accordance with IFRS or cash available for distribution.

EBITDA and Adjusted EBITDA are not recognized measures under IFRS. Chemtrade's method of calculating EBITDA and Adjusted EBITDA may differ from methods used by other income trusts or companies, and accordingly may not be comparable to similar measures presented by other organizations. A reconciliation of EBITDA and Adjusted EBITDA to net earnings follows:

	Three months ended		Six months ended	
($'000)	**June 30, 2016**	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
Net (loss) earnings	$ (17,567)	$ 22,988	$ 11,219	$ 14,033
Add:				
Depreciation and amortization	37,099	36,798	75,935	73,115
Net finance costs	14,260	5,463	23,093	25,121
Income tax recovery	(31,560)	(5,088)	(40,711)	(4,701)
EBITDA	2,232	60,161	69,536	107,568
Add:				
Impairment of intangible assets	3,143	—	3,143	—
Loss (gain) on disposal and write-down of assets	55,730	(30)	55,816	(403)
Unrealized foreign exchange (gain) loss	(1,663)	(1,442)	(15,062)	9,607
Adjusted EBITDA	$ 59,442	$ 58,689	$ 113,433	$ 116,772

Cash Flow -

The following table is derived from, and should be read in conjunction with, the consolidated statements of cash flows. Management believes this supplementary disclosure provides useful additional information related to the cash flows of Chemtrade including the amount of cash available for distribution to Unitholders, repayment of debt and other investing activities. Certain sub-totals presented within the cash flows table below, such as “Adjusted cash flows from operating activities”, “Distributable cash after maintenance capital expenditures” and “Distributable cash after all capital expenditures”, are not defined terms under IFRS. These sub-totals are used by Management as measures of internal performance and as a supplement to the consolidated statements of cash flows. Investors are cautioned that these measures should not be construed as an alternative to using net earnings as a measure of profitability or as an alternative to the IFRS consolidated statements of cash flows. Further, Chemtrade's method of calculating each measure may not be comparable to calculations used by other income trusts or companies bearing the same description.

($'000)	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Cash flows from operating activities	$ 23,363	$ 46,036	$ 35,731	$ 25,710
Add:				
Changes in non-cash working capital and other items	25,008	937	54,960	66,678
Adjusted cash flows from operating activities	**48,371**	**46,973**	**90,691**	**92,388**
Less:				
Maintenance capital expenditures	8,706	8,204	13,559	11,914
Distributable cash after maintenance capital expenditures	**39,665**	**38,769**	**77,132**	**80,474**
Less:				
Non-maintenance capital expenditures (1)	1,943	2,539	4,422	5,477
Distributable cash after all capital expenditures	**$ 37,722**	**$ 36,230**	**$ 72,710**	**$ 74,997**

(1) Non-maintenance capital expenditures are: (a) pre-funded, usually as part of a significant acquisition and related financing; (b) considered to expand the capacity of Chemtrade's operations; (c) significant environmental capital expenditures that are considered to be non-recurring; or (d) capital expenditures to be reimbursed by a third party.

Consolidated Operating Results

Consolidated revenue for the second quarter of 2016 was $304.2 million, which was $34.6 million lower than revenue for the second quarter of 2015. On a year-to-date basis, revenue for 2016 was $640.3 million, which was $24.5 million lower than the revenue for the same period of 2015. The decrease in revenue is primarily due to lower sales volumes of sulphuric acid in the International segment and lower selling prices for sulphur in both the SPPC and International segments. On a year-to-date basis, the decrease in revenue was partially offset by higher volumes of water products in the WSSC segment.

Chemtrade's Adjusted EBITDA for the second quarter and for the first six months of 2016 was $0.8 million higher and $3.3 million lower, respectively, than the Adjusted EBITDA for same periods of 2015. On a year-to-date basis, Adjusted EBITDA was lower than the comparative period of 2015 primarily due to lower margins for sulphuric acid in the SPPC and International segments, partially offset by the positive impact of the stronger U.S. dollar. Adjusted EBITDA for the second quarter and first half of 2016 benefited by approximately $2.4 million and $6.6 million, respectively, due to the stronger U.S. dollar. Fair value adjustments related to Chemtrade's Long-Term Incentive Plan ("LTIP") were $0.4 million and $2.8 million lower in the second quarter and first half of 2016 compared to the same periods of 2015.

Net earnings for the second quarter and first six months of 2016 were lower than net earnings of the comparative periods of 2015 by $40.6 million and $2.8 million, respectively. During the second quarter of 2016, a loss on write-down of assets of $55.7 million was recorded as well as an impairment of intangible assets of $3.1 million (see **Loss on Write-Down of Assets and Intangible Asset Impairment**), partially offset by a large income tax recovery for the same period primarily due to the reversal of deferred tax liabilities related to the assets that were written down. There was an unrealized foreign exchange gain in the second quarter and first half of 2016 due to the appreciation of the

Canadian dollar relative to the U.S. dollar during those periods. In the first half of 2015, an unrealized foreign exchange loss was recorded as the Canadian dollar depreciated relative to the U.S. dollar. Net finance costs were higher in the second quarter of 2016 compared with the same period of 2015 primarily due to the fair value adjustments on the convertible unsecured subordinated debentures ("Debentures").

Results of Operations by Business Segment

SPPC -

	Three months ended		Six months ended	
($'000)	**June 30, 2016**	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
Revenue	$ 144,618	$ 158,448	$ 304,164	$ 319,219
Adjusted EBITDA	38,947	37,974	74,655	78,386
Impairment of intangible assets	(3,143)	—	(3,143)	—
(Loss) gain on disposal and write-down of assets	(55,695)	30	(55,781)	403
EBITDA	(19,891)	38,004	15,731	78,789
Depreciation and amortization	(19,279)	(22,617)	(39,231)	(42,824)
Net finance costs	(4,901)	(5,294)	(9,721)	(10,785)
Income tax recovery	27,113	3,563	33,357	6,655
Net (loss) earnings	$ (16,958)	$ 13,656	$ 136	$ 31,835

SPPC markets, removes and/or produces merchant, regenerated and ultra pure sulphuric acid, liquid sulphur dioxide, sodium hydrosulphite, elemental sulphur, hydrogen sulphide, and sodium bisulphite, and provides other processing services. These products are marketed primarily to North American customers.

Revenue for the second quarter of 2016 was $13.8 million lower than revenue for the second quarter of 2015. For the first six months of 2016, revenue was $15.1 million lower than the first six months of 2015. The decrease in revenue for the second quarter and first half of 2016 was primarily due to lower selling prices for sulphur partially offset by the positive impact of the stronger U.S. dollar on U.S. dollar-denominated revenue. Also, sulphuric acid selling prices during the second quarter of 2016 were lower than the second quarter of 2015. Adjusted EBITDA for the second quarter and first six months of 2016 was $1.0 million higher and $3.7 million lower, respectively, than Adjusted EBITDA for the same periods of 2015. Relative to the first half of 2015, Adjusted EBITDA for the first half of 2016 benefited by approximately $4.1 million due to the stronger U.S. dollar, although this was more than offset by lower margins for sulphuric acid within the segment during the first quarter of 2016. Net earnings for the second quarter and first half of 2016 were $30.6 million and $31.7 million lower, respectively, than net earnings for the comparative periods of 2015. This was primarily due to the loss on write-down of assets and impairment of intangible assets recorded in the second quarter of 2016 (see **Loss on Write-Down of Assets and Intangible Asset Impairment**), partially offset by a large income tax recovery recorded in the same period primarily as a result of the reversal of certain deferred tax liabilities associated with the assets that were written down.

WSSC -

($'000)	**Three months ended** **June 30, 2016**	**Three months ended** **June 30, 2015**	**Six months ended** **June 30, 2016**	**Six months ended** **June 30, 2015**
Revenue	$ 117,515	$ 117,775	$ 238,321	$ 226,053
Adjusted EBITDA	31,485	30,815	62,214	59,997
Loss on disposal and write-down of assets	(35)	—	(35)	—
EBITDA	31,450	30,815	62,179	59,997
Depreciation and amortization	(17,581)	(13,684)	(36,206)	(29,287)
Net finance costs	(2,802)	(2,222)	(5,893)	(4,650)
Income tax recovery (expense)	4,378	2,101	8,350	(428)
Net earnings	$ 15,445	$ 17,010	$ 28,430	$ 25,632

WSSC manufactures and markets a variety of inorganic coagulants used in water treatment, including aluminum sulphate, aluminum chlorohydrate, polyaluminum chloride, and ferric sulphate; and a number of specialty chemicals, including sodium chlorate, sodium nitrite, potassium chloride, phosphorus pentasulphide, vaccine adjuvants, and sulphides. These products are marketed primarily to North American customers.

Revenue during the second quarter of 2016 was lower than the same period of 2015 by $0.3 million. For the first half of 2016, revenue was $12.3 million higher than the first half of 2015. The increase in revenue for the first six months of 2016 over the first six months of 2015 was primarily due to higher volumes of water products and the positive impact of the stronger U.S. dollar in 2016 relative to 2015. Adjusted EBITDA during the second quarter and first six months of 2016 was $0.7 million and $2.2 million higher, respectively, than the second quarter and first six months of 2015. Net earnings for the second quarter and first six months of 2016 were $1.6 million lower and $2.8 million higher than the comparative periods of 2015. This was primarily due to higher levels of depreciation and amortization in 2016 compared with 2015 due to accelerated depreciation of property, plant and equipment for certain production facilities that manufacture water treatment chemicals. During the first six months of 2016, the higher level of depreciation and amortization relative to 2015 was more than offset by a large income tax recovery. This recovery was primarily due to the reversal of certain deferred tax liabilities as a result of changes in the value of the U.S. dollar relative to the Canadian dollar during the period.

International -

		Three months ended		Six months ended	
($'000)		**June 30, 2016**	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
Revenue		$ 42,037	$ 62,544	$ 97,799	$ 119,525
EBITDA		2,675	3,469	5,310	8,221
Depreciation and amortization		(239)	(497)	(498)	(1,004)
Net finance costs		(35)	(1)	(67)	(4)
Income tax expense		(156)	(643)	(1,221)	(1,382)
Net earnings		$ 2,245	$ 2,328	$ 3,524	$ 5,831

International operations provide removal and marketing services for elemental sulphur and sulphuric acid. These products are marketed to customers globally.

During the three months and six months ended June 30, 2016, International's revenues were $20.5 million and $21.7 million lower than the levels achieved for the comparable periods of 2015, primarily due to lower volumes of sulphuric acid and lower selling prices of sulphur. In general, international markets for sulphuric acid have been weak in 2016 relative to 2015. EBITDA during the second quarter and first half of 2016 was lower than the same periods of 2015 by $0.8 million and $2.9 million, respectively.

Corporate -

		Three months ended		Six months ended	
($'000)		**June 30, 2016**	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
Cost of services		$ 13,665	$ 13,569	$ 28,746	$ 29,832
Adjusted EBITDA		(13,665)	(13,569)	(28,746)	(29,832)
Unrealized foreign exchange gain (loss)		1,663	1,442	15,062	(9,607)
EBITDA		(12,002)	(12,127)	(13,684)	(39,439)
Net finance (costs) income		(6,522)	2,054	(7,412)	(9,682)
Income tax recovery (expense)		225	67	225	(144)
Net loss		$ (18,299)	$ (10,006)	$ (20,871)	$ (49,265)

The Corporate segment includes the administrative costs of corporate activities such as treasury, finance, information technology, human resources, legal and risk management, and environmental, health and safety support, which are not directly allocable to an operating segment.

For the second quarter of 2016, corporate costs, excluding unrealized foreign exchange gains and losses, net finance costs and income taxes were $0.1 million higher than the second quarter of 2015. For the first six months of 2015, corporate costs, excluding unrealized foreign exchange gains and losses, net finance costs and income taxes were

$1.1 million lower than the same period of 2015. This is primarily due to the fair value adjustment on the LTIP, which was $2.8 million lower in the first half 2016 than the first half of 2015. This was partially offset by the negative impact of foreign exchange of approximately $1.0 million during the first six months of 2016, compared with the same period of 2015.

The comments on LTIP expenses relate to the 2014-2016, 2015-2017, and 2016-2018 LTIPs. The 2014-2016, 2015-2017, and 2016-2018 LTIP payouts are payable at the beginning of 2017, 2018 and 2019, respectively. The LTIP awards have a performance based component and a restricted share unit component. The performance based component for the 2014-2016 and 2015-2017 LTIP awards is based on total Unitholder return achieved over the three year performance period of the plan, Adjusted EBITDA growth, and total return to Chemtrade's Unitholders relative to the total return on the S&P/TSX Capped Industrial Index. The 2016-2018 LTIP award's performance based component is similar to the 2014-2016 and 2015-2017 LTIP awards except the total return to Chemtrade's Unitholders is measured relative to the total return on the S&P/TSX Dividend Index rather than the S&P/TSX Capped Industrial Index. The restricted share unit component of the LTIP awards is a phantom plan which is payable in cash at the end of the performance period. The nature of these calculations makes it difficult to forecast the amount of LTIP expenses that will be recorded in any period, as it is based upon a valuation model which considers several variables.

Chemtrade has hedged its investment in foreign operations that use the U.S. dollar as their functional currency with its U.S. dollar-denominated long-term debt. As a result, any gains and losses arising from the U.S. dollar-denominated debt will be offset by the foreign currency gain or loss arising from the investment in the foreign operations. The gains and losses on the translation of the designated amount of U.S. dollar-denominated debt and investment in foreign operations are now being recognized on a net basis in other comprehensive income. For the three and six months ended June 30, 2016, a foreign exchange gain of $1.1 million and $15.0 million, respectively, on the revaluation of the U.S. dollar-denominated debt was recognized in other comprehensive income, compared with a foreign exchange gain of $3.2 million and loss of $14.4 million, respectively, during the three and six months ended June 30, 2015.

Net finance costs during the second quarter of 2016 were higher than the second quarter of 2015 by $8.6 million due to the fair value adjustment on the Debentures. For the second quarter of 2016, a loss of $3.3 million was recorded relating to the fair value of the Debentures, compared with a gain of $5.3 million during the second quarter of 2015. Net finance costs during the first six months of 2016 were lower than the comparable period by $2.3 million. For the first six months of 2016, a loss of $1.0 million was recorded relating to the fair value of the Debentures, compared with a loss of $3.1 million during 2015.

Loss on Write-Down of Assets and Intangible Asset Impairment

On June 30, 2016, Fibrant LLC ("Fibrant") publicly announced plans to close its Augusta, Georgia caprolactam operations. Chemtrade operates a facility in Augusta that supplies sulphuric acid products to Fibrant's facility. Fibrant announced that it will execute a gradual wind down of its operations over a period of 16 months.

Chemtrade recorded a loss of $55.7 million in the second quarter of 2016 on the write-down of assets associated with its sulphuric acid production facilities in Augusta, Georgia. Due to the closure of Fibrant's operations noted above, the cash flows associated with these specific assets could no longer support their carrying value.

Additionally, the closure of Fibrant's operations in Augusta was considered an indicator of impairment for Chemtrade's customer contract with Fibrant. As a result, Chemtrade recorded an impairment loss of $3.1 million related to intangible assets in the SPPC segment.

These losses are reflected in cost of sales and services on the statement of comprehensive income.

Foreign Exchange

Chemtrade has certain operating subsidiaries that use the U.S. dollar as their functional currency. As Chemtrade reports in Canadian dollars, its reported net earnings are exposed to fluctuations in the Canadian/U.S. dollar exchange rate. Chemtrade currently estimates that if the U.S. dollar strengthens by one-cent, on an unhedged basis, this would have a positive impact on annual Adjusted EBITDA and Distributable cash after maintenance capital expenditures of approximately $1.6 million and $0.8 million, respectively, and vice-versa.

Chemtrade has entered into a series of foreign exchange contracts with its principal bankers to manage the volatility of foreign exchange rates. All foreign exchange contracts are under International Swap and Derivatives Association ("ISDA") agreements. Contracts in place at June 30, 2016 include future contracts to sell the following amounts for periods through to January 2017:

Amount *('000s)*	**Weighted average exchange rate**
US$1,660	€0.89
US$312	SEK8.08
€5,368	US$1.11

The purpose of these contracts is to manage foreign exchange risk on specific transactions in a foreign currency. The amount of the related derivative is recorded at fair value at the period end and is included with prepaid expenses and other assets or trade and other payables on the consolidated statements of financial position. The resultant non-cash charge or gain is included in selling and administrative expenses. The impact of this non-cash charge or gain is excluded from the computation of Adjusted EBITDA and Distributable cash after maintenance capital expenditures. See **Non-IFRS Measures** - *Cash Flow*.

Certain of Chemtrade's International and U.S. based operations use the U.S. dollar as their functional currency. The investment in these U.S. dollar-denominated foreign operations has been hedged by Chemtrade's U.S. dollar-denominated credit facilities. Any gains and losses from the translation of U.S. dollar-denominated borrowings on the credit facilities will be offset by the foreign currency gain or loss arising from the investment in the U.S. foreign operations. The gains and losses on the translation of the designated amount of long-term debt and investment in foreign operations are recorded in other comprehensive income.

The changes recorded in the accumulated other comprehensive income account since December 31, 2015 were a result of changes in the Canadian/U.S. dollar exchange rate between December 31, 2015 and June 30, 2016.

The rate of exchange used to translate U.S. dollar-denominated balances has decreased from a rate of US$1.00 = $1.38 at December 31, 2015 to US$1.00 = $1.29 at June 30, 2016. See **Risks and Uncertainties** for additional comments on foreign exchange.

Finance Income and Costs

During the second quarter and first half of 2016, net finance costs were $14.3 million and $23.1 million, respectively, compared with $5.5 million and $25.1 million, respectively, during the second quarter and first half of 2015. Net finance costs were higher in the second quarter of 2016 compared with the same period in 2015 primarily due to the fair value adjustments on the Debentures.

The weighted average effective annual interest rate on senior debt at June 30, 2016 was 3.66% (December 31, 2015 - 3.40%). See **Liquidity and Capital Resources** - *Financing Activities* - *Financial Instruments* for information concerning swap arrangements.

Net finance costs include the change in the fair value of Chemtrade's Debentures. For the three and six months ended June 30, 2016, the revaluation of the Debentures resulted in a loss of $3.3 million and $1.0 million, respectively, compared with a gain of $5.3 million and a loss of $3.1 million, respectively, for the three and six months ended June 30, 2015.

During the second quarter and first six months of 2016, Chemtrade recorded accretion expense of $0.4 million and $0.7 million, respectively, due to the amortization of transaction costs related to Chemtrade's borrowings. In the second quarter and first six months of 2015, Chemtrade recorded accretion expense of $0.5 million and $0.9 million, respectively. See **Liquidity and Capital Resources -** *Financing Activities*.

Income Taxes

The Fund is a mutual fund trust and a specified investment flow-through trust (“SIFT”) for income tax purposes. The Fund is subject to current income taxes at the top marginal tax rate applicable to individuals of approximately 53.5% on all taxable income not distributed to Unitholders. The Fund is also subject to current income taxes on all taxable income, other than dividends, earned from Canadian corporate and flow-through subsidiaries (other than Canadian subsidiaries that earn certain investment income) at a tax rate similar to the corporate tax rate. The Fund is not subject to tax on income received from non-Canadian subsidiaries, provided that the income is distributed to Unitholders during the year. Based on the current organization of the Fund and its subsidiaries, Chemtrade expects that its income distributed to Unitholders will not be subject to SIFT tax.

Taxable income distributed by the Fund to its Unitholders is considered taxable income of those Unitholders.

There was a current income tax expense of $1.0 million and $2.3 million, respectively, for the second quarter and first six months of 2016, compared with a current income tax expense of $1.9 million and $4.3 million, respectively, for the same periods of 2015. The decrease in current income tax expense in 2016 compared with 2015 is primarily due to a decrease in taxable income in certain subsidiaries. During the second quarter and first six months of 2016, there was deferred income tax recovery of $32.5 million and $43.0 million, respectively, compared with a deferred income tax recovery of $7.0 million and $9.0 million, respectively, for the same periods of 2015. The increase in deferred tax recovery in the second quarter and first six months of 2016, compared with the second quarter and first six months of 2015, is primarily due to the reversal of deferred tax liabilities related to the assets that were written down in the SPPC segment during the second quarter of 2016 (see **Loss on Write-Down of Assets and Intangible Asset Impairment**). During the first six months of 2016, there was also an increase in deferred tax recovery relative to the same period of 2015 due to the recognition of deductible temporary differences and the reversal of certain deferred tax liabilities due to changes in the value of the U.S. dollar relative to the Canadian dollar.

The effective tax rate for the second quarter and first six months of 2016 differs from the statutory tax rate primarily due to losses incurred in a jurisdiction with a higher tax rate, partially offset by the deduction of taxable income distributed to Unitholders.

In 2014, Chemtrade acquired an income tax payable balance as part of the acquisition of General Chemical Holding Company ("General Chemical"). This balance was partially paid in 2015 with the remainder under further examination by the appropriate tax authorities. During the second quarter of 2016, $21.3 million of the balance was no longer deemed to be an income tax liability. Pursuant to the purchase agreement, this balance was reclassified to trade and other payables as an amount to be returned to the vendor of the business and $15.4 million was paid during the second quarter of 2016. There were no amounts recognized in the statement of comprehensive income related to this transaction.

The net decrease in deferred tax assets of $2.4 million at June 30, 2016 relative to December 31, 2015 is primarily due to the utilization of non-capital losses in certain jurisdictions.

The net decrease in deferred tax liabilities of $72.3 million at June 30, 2016 relative to December 31, 2015 is primarily due to the impact of foreign exchange as the U.S. dollar weakened relative to the Canadian dollar during the first six months of 2016. There was also a decrease in deferred tax liabilities from December 31, 2015 due to the reversal of certain deferred tax liabilities during the first quarter of 2016 due to the change in value of the U.S. dollar relative to the Canadian dollar. In the second quarter of 2016, there was a reversal of deferred tax liabilities related to the assets that were written down in the SPPC segment (see **Loss on Write-Down of Assets and Intangible Asset Impairment**).

The Fund does not record deferred taxes related to its deductible temporary differences or those of its flow-through subsidiaries as these differences primarily relate to investments in corporate subsidiaries and are expected to reverse without tax consequences to the Fund.

Excess Cash Flows and Net Earnings Over Distributions Paid

The following table presents excess cash flows from operating activities and net earnings over distributions paid for the three and six months ended June 30, 2016 and for the years ended December 31, 2015 and December 31, 2014.

($'000)	Three months ended June 30, 2016	Six months ended June 30, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Cash flows from operating activities	$ 23,363	$ 35,731	$ 161,974	$ 104,296
Net (loss) earnings	(17,567)	11,219	(47,590)	21,030
Distributions paid during period	20,721	41,442	82,640	71,394
Excess (shortfall) of cash flows from operating activities over cash distributions paid	2,642	(5,711)	79,334	32,902
Shortfall of net earnings over cash distributions paid	(38,288)	(30,223)	(130,230)	(50,364)

Chemtrade considers the amount of cash generated by the business in determining the amount of distributions available for payment to its Unitholders. In general, Chemtrade does not take into account quarterly working capital fluctuations as these tend to be temporary in nature. Chemtrade does not generally consider net earnings in setting the level of distributions as this is a non-cash metric and is not reflective of the level of cash flow that Chemtrade can generate. This divergence is particularly relevant for Chemtrade as it has a relatively high level of depreciation and amortization expenses, foreign exchange gains and losses, and deferred tax expenses and recoveries.

For the six months ended June 30, 2016, distributions to Unitholders exceeded cash flows from operating activities mainly due to an increase in working capital during the period. Chemtrade maintains a revolving credit facility to manage the effects of temporary fluctuations in working capital.

Distributions -

Distributions to Unitholders for the three and six months ended June 30, 2016 were declared as follows:

Record Date	Payment Date	Distribution Per Unit	Total ($'000)
Three months ended June 30:			
April 29, 2016	May 31, 2016	$ 0.10	$ 6,907
May 31, 2016	June 30, 2016	0.10	6,907
June 30, 2016	July 29, 2016	0.10	6,907
Sub-Total		$ 0.30	$ 20,721
Three months ended March 31, 2016		$ 0.30	$ 20,721
Total for the six months ended June 30, 2016		$ 0.60	$ 41,442

Distributions to Unitholders for the three and six months ended June 30, 2015 were declared as follows:

Record Date	Payment Date	Distribution Per Unit	Total ($'000)
Three months ended June 30:			
April 30, 2015	May 29, 2015	$ 0.10	$ 6,894
May 29, 2015	June 30, 2015	0.10	6,900
June 30, 2015	July 31, 2015	0.10	6,903
Sub-Total		$ 0.30	$ 20,697
Three months ended March 31, 2015		$ 0.30	$ 20,566
Total for the six months ended June 30, 2015		$ 0.60	$ 41,263

Treatment of Chemtrade's distributions for Canadian Income Tax purposes for 2015 and 2016 is as follows:

	Other Income	Dividends [1]	Foreign Non-Business Income	Total
2015	18.3%	17.3%	64.4%	100%
2016 [2]	18.5%	16.2%	65.3%	100%

(1) These dividends are not considered to be eligible dividends for Canadian resident Unitholders and therefore not eligible for the enhanced tax credit.

(2) Represents anticipated tax characterization of planned distributions. The actual tax treatment of 2016 distributions will be determined by February 28, 2017.

Liquidity and Capital Resources

The Fund's distributions to Unitholders are sourced entirely from its investments in operating subsidiary companies. The Fund's investments are financed by trust units held by Unitholders, the credit facilities, and the Debentures. The cash flow of Chemtrade is required to fund cash distributions to Unitholders, capital requirements, interest, general corporate purposes and other legal obligations.

Cash Flow from Operating Activities

Cash flow from operating activities for the second quarter of 2016 was an inflow of $23.4 million, a decrease of $22.7 million from the second quarter of 2015. This decrease is mainly due to a large payment made during the second quarter of 2016 related to a previous acquisition. Cash flow from operating activities for the first six months of 2016 was an inflow of $35.7 million compared with an inflow of $25.7 million during the first six months of 2015. The increase in cash flow from operating activities in the first half of 2016 compared with the first half of 2015 is primarily due to lower income taxes paid, partially offset by fluctuations in working capital.

Investing Activities

On January 16, 2015, Chemtrade completed the purchase of the operating assets of HTL. Refer to the consolidated financial statements of Chemtrade for the year ended December 31, 2015 for details.

Capital expenditures were $10.6 million in the second quarter of 2016 compared with $10.7 million in the second quarter of 2015. These amounts include $8.7 million in the second quarter of 2016 and $8.2 million in the second quarter of 2015 for maintenance capital requirements. Investment in capital expenditures was $18.0 million for the first six months of 2016, compared with $17.4 million for the first six months of 2015. These amounts include $13.6 million in the first six months of 2016 and $11.9 million in the first six months of 2015 for maintenance capital requirements. Chemtrade expects to incur less than $50.0 million of maintenance capital expenditures in 2016.

Non-maintenance capital expenditures were $1.9 million during the second quarter of 2016 compared with $2.5 million during the second quarter of 2015. Investment in non-maintenance capital expenditures was $4.4 million during the first six months of 2016 compared with $5.5 million during the first six months of 2015. Non-maintenance capital expenditures are: (i) pre-funded, usually as part of a significant acquisition and related financing; (ii) considered to expand or improve the capacity of Chemtrade's operations; (iii) significant environmental capital expenditures that are considered to be non-recurring; or (iv) capital expenditures to be reimbursed by a third party.

Financing Activities

At June 30, 2016, Chemtrade's credit facilities are comprised of a $558.0 million (US$432.0 million) five year term loan and a $645.9 million (US$500.0 million) revolving credit facility.

In the first quarter of 2015, Chemtrade modified the terms of its credit facilities to extend the maturity date. Chemtrade incurred $1.0 million of costs related to this amendment. These costs have been deferred and are being amortized to finance costs in comprehensive income using the effective interest method.

There was a net increase of $15.2 million and net decrease of $19.5 million in the revolving portion of the credit facilities during the second quarter of 2016 and 2015, respectively. During the first six months of 2016 and 2015, there was a net increase in the revolving portion of the credit facilities of $32.0 million and $66.7 million, respectively.

Distributions to Unitholders during the three and six months ended June 30, 2016 were higher than the same periods of 2015 due to units issued on the conversion of Debentures during the subsequent quarters of 2015, while the distribution per unit remained the same. For additional information on cash distributions, see **Non-IFRS Measures** - *Cash Flow* and **Excess Cash Flows and Net Earnings Over Distributions Paid.**

Financial Instruments -

In March 2014, Chemtrade entered into swap arrangements with its principal bankers, which fix the LIBOR components of its interest rates on US$325.0 million of its outstanding long-term debt until January 2019. These swaps have been formally designated as hedges at the date of inception. All changes in the fair value of the swap arrangements have been recorded in other comprehensive income in the consolidated statements of comprehensive income.

During the first quarter of 2015, Chemtrade hedged its investment in foreign operations that use the U.S. dollar as their functional currency with its U.S. dollar-denominated long-term debt. Any gains and losses arising from the U.S. dollar-denominated debt will be offset by the foreign currency gain or loss arising from the investment in the foreign operations. The gains and losses on the translation of the designated amount of U.S. dollar-denominated debt and investment in foreign operations are being recognized in other comprehensive income.

Cash Balances -

At June 30, 2016, Chemtrade had net cash balances of $10.7 million and working capital of $61.1 million. Comparable figures for December 31, 2015 were $8.0 million and working capital of $15.5 million, respectively. Chemtrade defines working capital to exclude cash, distributions payable and current portion of long-term debt and Debentures. Cash generated by Chemtrade will be used to fund cash distributions to Unitholders, capital requirements, interest, general corporate purposes and other legal obligations.

Future Liquidity -

The future liquidity of Chemtrade is primarily dependent on cash flows of its operating subsidiaries. These cash flows will be used to finance ongoing expenditures, including maintenance capital, distributions to Unitholders and normal course financial commitments. Cash flows are sensitive to changes in volume, sales prices and input costs and any changes in these may impact future liquidity. Management believes that cash flows from operating activities will be sufficient for Chemtrade to meet future obligations and commitments that arise in the normal course of business activities. In addition, Chemtrade has revolving credit facilities which can be used for general corporate purposes, including to fund capital expenditures. See *Capital Resources* below for more details.

Capital Resources -

At June 30, 2016, Chemtrade had credit facilities of approximately $1.2 billion (US$932.0 million), consisting of a term loan of $558.0 million (US$432.0 million) and a revolving credit facility of $645.9 million (US$500.0 million). These credit facilities are due in October 2020. At June 30, 2016, Chemtrade had $558.0 million (US$432.0 million) of its term loan outstanding, had drawn $49.4 million on its revolving credit facility, and committed a total of $21.9 million of its revolving credit facility towards standby letters of credit.

At June 30, 2016, Chemtrade had a long-term loan of $13.5 million related to its facilities located at Syncrude's Mildred Lake oil sands facility in Alberta. The loan is secured by the assets at this facility. The loan bears interest at a fixed rate of 7.3% per annum with monthly principal repayments due until December 2019.

At June 30, 2016, Chemtrade had three series of Debentures outstanding with an aggregate par value of $235.1 million (market value of $241.6 million) and maturity dates ranging from March 31, 2017 to June 30, 2021.

Debt Covenants -

As at June 30, 2016, Chemtrade was compliant with all debt covenants contained in its credit agreements.

Summary of Quarterly Results

($ millions)	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Revenue from continuing operations	$ 304.2	$ 336.1	$ 335.7	$ 364.4	$ 338.8	$ 326.0	$ 313.3	$ 314.0
Cost of sales and services	(316.5)	(296.0)	(393.1)	(316.4)	(293.7)	(278.3)	(300.5)	(268.2)
Gross profit	(12.3)	40.1	(57.4)	48.0	45.0	47.8	12.7	45.8
Selling and administrative expenses:								
Unrealized foreign exchange gain (loss)	1.7	13.4	(3.2)	(13.3)	1.4	(11.0)	(11.9)	(19.6)
LTIP (expense) recovery	(1.8)	(0.2)	(2.4)	0.8	(2.2)	(2.6)	(3.1)	(2.6)
Other	(22.4)	(24.8)	(21.3)	(17.6)	(20.9)	(23.1)	(10.7)	(19.4)
Total selling and administrative expenses	(22.5)	(11.6)	(26.9)	(30.1)	(21.7)	(36.7)	(25.7)	(41.6)
Operating (loss) income	(34.9)	28.5	(84.3)	17.9	23.4	11.1	(13.0)	4.2
Net finance costs:								
Mark-to-market on Debentures	(3.3)	2.3	0.6	13.6	5.3	(8.4)	4.5	(1.2)
Debt extinguishment costs	—	—	—	—	—	—	(0.4)	(1.2)
Other	(11.0)	(11.1)	(11.4)	(11.4)	(10.8)	(11.3)	(13.9)	(12.3)
Total net finance (costs) income	(14.3)	(8.8)	(10.8)	2.2	(5.5)	(19.7)	(9.8)	(14.7)
Income tax recovery (expense)	31.6	9.2	15.0	(1.7)	5.1	(0.4)	12.7	4.6
Net (loss) earnings from continuing operations	$ (17.6)	$ 28.8	$ (80.1)	$ 18.5	$ 23.0	$ (9.0)	$ (10.1)	$ (5.9)
Net earnings from discontinued operations	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 17.7
Net (loss) earnings	$ (17.6)	$ 28.8	$ (80.1)	$ 18.5	$ 23.0	$ (9.0)	$ (10.1)	$ 11.8

In general, seasonality has had a limited impact on financial results. Below are some of the key items that had a significant impact on financial results over the last eight quarters.

Revenue and Gross Profit

Beginning in the first quarter of 2015, results include the positive impact of the strengthening U.S. dollar relative to the Canadian dollar. Gross profit was lower in the fourth quarter of 2014 due to the amortization of certain intangible assets acquired as part of the acquisition of General Chemical that had a useful life of approximately one year. Gross profit was also lower in the fourth quarter of 2015 due to an $88.7 million impairment loss on goodwill and $7.4 million write-down of certain assets. Gross profit was lower in the second quarter of 2016 due to a $55.7 million write-down of certain assets and a $3.1 million impairment of intangible assets (see **Loss on Write-Down of Assets and Intangible Asset Impairment**).

Selling and Administrative Expenses

In 2014, selling and administrative expenses include unrealized foreign exchange gains and losses resulting from the translation of the U.S. dollar-denominated borrowings on a portion of the credit facilities. The amount recognized in a quarter depends upon changes in the U.S. dollar exchange rate in that quarter. Chemtrade also has non-Canadian operating subsidiaries that use the U.S. dollar as their functional currency. Any gains or losses arising from the translation of the assets and liabilities of these foreign subsidiaries are recorded in other comprehensive income. Beginning in the first quarter of 2015, Chemtrade hedged its investment in U.S. foreign subsidiaries with its U.S. dollar-denominated borrowings. As a result, the translation of the U.S. dollar-denominated borrowings are being recognized in other comprehensive income.

The change in fair value of Chemtrade's LTIP obligation is also included in selling and administrative expenses. The amount of the expense recorded in any quarter depends on changes in the various factors used in arriving at the fair value of the obligation.

Other selling and administrative expenses during the fourth quarter of 2014 were low as they included settlement gains of $10.2 million associated with changes made to certain of Chemtrade's post-employment benefit plans. Expenses during the third quarter of 2015 were low as they included a $4.1 million gain on settlement of litigation related to the acquisition of Marsulex in 2011.

Net Finance Costs

Net finance costs include changes in the fair value of Chemtrade's Debentures. The amount recorded in any quarter related to the fair value adjustments on the Debentures fluctuates depending upon the market value of the Debentures at the end of the period. The primary component of other net finance costs is interest from Chemtrade's credit facilities and Debentures.

The third and fourth quarters of 2014 include debt extinguishment costs resulting from the repayment of the former credit facilities.

Income Taxes

Income tax recoveries were high in the fourth quarters of 2014 and 2015 primarily due to higher net losses incurred during these quarters. The income tax recovery in the first quarter of 2016 was high primarily due to the reversal of certain deferred tax liabilities due to the change in value of the U.S. dollar relative to the Canadian dollar. The income tax recovery in the second quarter of 2016 was high primarily due to the reversal of certain deferred tax liabilities related to the write-down and impairment of assets (see **Loss on Write-Down of Assets and Intangible Asset Impairment**).

Discontinued Operations

Discontinued operations represents the Montreal East business which was sold in the third quarter of 2014. The net earnings in the third quarter of 2014 was primarily due to the recognition of $9.4 million of accounts receivable into revenues upon sale of the Montreal East business pursuant to an agreement with a previous customer of this business. Additionally, an after tax gain of $7.7 million was realized upon sale of the business.

Outstanding Securities of the Fund

As at August 10, 2016 and June 30, 2016, the following common units and securities convertible into units were issued and outstanding:

	August 10, 2016		June 30, 2016	
	Convertible Securities	Units	Convertible Securities	Units
Common units outstanding		**69,074,475**		**69,073,975**
6.0% Debentures [(1)]	**28,930**	**1,808,125**	**28,938**	**1,808,625**
5.75% Debentures [(2)]	**79,637**	**3,981,850**	**79,637**	**3,981,850**
5.25% Debentures [(3)]	**126,500**	**4,517,857**	**126,500**	**4,517,857**
Units outstanding and issuable upon conversion of Debentures		**79,382,307**		**79,382,307**

[(1)] Convertible at $16.00 per unit

[(2)] Convertible at $20.00 per unit

[(3)] Convertible at $28.00 per unit

Contractual Obligations

Information concerning contractual obligations at June 30, 2016 is shown below:

Contractual Obligations ***($'000)***	**Total**	**Less Than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Long-term debt	$ 620,958	$ 3,523	$ 7,864	$ 609,571	$ —
Debentures	235,075	28,938	79,637	126,500	—
Operating leases	105,640	33,012	44,961	18,793	8,874
Interest on long-term debt	94,450	22,623	44,428	27,399	—
Interest on Debentures	45,976	12,524	20,170	13,282	—
Total contractual obligations	$ 1,102,099	$ 100,620	$ 197,060	$ 795,545	$ 8,874

Risks and Uncertainties

Chemtrade operates a diversified business providing industrial chemicals and services to customers in North America and around the world. Chemtrade is one of North America's largest suppliers of sulphuric acid, inorganic coagulants for water treatment, liquid sulphur dioxide, sodium nitrite, sodium hydrosulphite and phosphorus pentasulphide. Chemtrade is a leading processor of spent acid as well as a leading regional supplier of sulphur, sodium chlorate, potassium chloride and zinc oxide. Additionally, Chemtrade provides industrial services such as processing hydrogen sulphide and other by-products and waste streams. Chemtrade faces various risks associated with its business. These risks include, amongst others, a general reduction in demand for its products, the loss of a portion of its customer base, the interruption of the supply of products or raw materials, price fluctuations in the products sold and/or raw materials purchased, industry capacity, acquisition integration and operational, transportation and product hazard risks associated with the nature of its business. Chemtrade imports key raw materials and products from overseas and as such has additional risks associated with the sourcing activity. Chemtrade makes extensive use of the railway system to transport material within North America. Certain locations are serviced by a sole carrier and thus a disruption in service or changes to the regulatory environment relating to transportation could have a significant negative impact on results. In addition, Chemtrade sells a significant portion of its major products to large customers. While many of these customers are under contract, there can be no assurance that these contracts will be renewed. As Chemtrade's business is international in nature, it is exposed to foreign exchange risks related to the payment of dividends and other transactions by its foreign subsidiaries. For a more detailed discussion of Chemtrade's risks, please refer to the “RISK FACTORS” section of the most recently filed Annual Information Form.

Chemtrade manages the risks associated with its customer base and sales prices by seeking to obtain contractual protection to mitigate these risks. Chemtrade also seeks to differentiate its products and services with customers to mitigate price fluctuations and uses its scale to obtain beneficial raw material contracts.

Chemtrade's Board of Trustees periodically reviews a framework identifying the principal risks of Chemtrade's business, and ensures the implementation of appropriate systems to manage these risks. The Audit Committee reviews major operations and financial risks, the systems implemented to monitor those risks and the strategies in place to manage those risks. In addition, Chemtrade maintains an extensive insurance program which includes general liability and environmental coverage.

There are a number of risks that warrant additional disclosure which are discussed in detail in the MD&A for the year ended December 31, 2015. There have been no material changes to the business of Chemtrade that require an update to the discussion of these risks except as noted below.

On June 30, 2016, Fibrant publicly announced plans to close its Augusta, Georgia caprolactam operations. Chemtrade operates a facility in Augusta that supplies sulphuric acid products to this Fibrant facility. Fibrant announced that it will execute a gradual wind down of its operations over a period of 16 months (see **Loss on Write-Down of Assets and Intangible Asset Impairment**).

Critical Judgements and Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key Sources of Estimation Uncertainty -

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed in detail in the MD&A for the year ended December 31, 2015. There have been no material changes to the business of Chemtrade that require an update to the discussion of these sources of estimation uncertainty.

IFRS Standards and Interpretations Not Yet Adopted

For information regarding IFRS standards and interpretations not yet adopted, refer to note 3(p) of the audited consolidated financial statements of Chemtrade for the year ended December 31, 2015.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Chemtrade maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that the Fund publicly files is recorded, processed, summarized and reported within a timely manner and that such information is accumulated and communicated to Chemtrade's Management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure. The Chief Executive Officer and the Chief Financial Officer have evaluated Chemtrade's disclosure controls procedures as of June 30, 2016 through inquiry and review.

Chemtrade also maintains a system of internal controls over financial reporting designed under the supervision of Chemtrade's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Chemtrade's Management, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting and evaluating its effectiveness. Management has used The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework (2013) to evaluate the effectiveness of Chemtrade's internal control over financial reporting as of June 30, 2016. There have been no changes to the design of internal controls over financial reporting that occurred during the quarter ended June 30, 2016 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

Outlook

We remain confident that our portfolio of businesses, business model and our strong balance sheet will allow us to comfortably sustain our distributions and increase our financial flexibility by reducing leverage levels.

Other

Additional information concerning Chemtrade, including the Annual Information Form, is filed on SEDAR and can be accessed at www.sedar.com.

August 11, 2016