

Patrick,

With reference to [independent entity] [publication], the cost of production of AN in Russia can be worked out/can be seen:

	January 2015	February 2015	March 2015
Gas price \$/mmBtu			
Gas consumption			
Gas Cost			
Other cash costs			
Total costs ex-plant \$/t			
FOB cost(freight & loading)			
Total supply cost	161	161	161
Baltic fob price			
Margin (\$/tonne)			

Regarding depreciation in the Table 1 of the submission by the Australian Producers: The plants in Russia have been built 35-40 years ago, hence the plants would have been fully depreciated. For example: Kuibyshev Azot has been built in 1977. In Australia the plants in 30 years would have been fully depreciated as well, hence cannot agree with inclusion of the depreciation to the cost base.

Regarding the profit margin:

The profit margin depends on the world prices, the prices the world customers are happy to pay for, which are published in [independent entity].

If we were to use the "Normal Value with surrogate gas price US\$7.03" as per the submission by the Australian producers, we would get the below:

	January 2015	February 2015	March 2015
Gas price \$/mmBtu	7.03	7.03	7.03
Gas consumption			
Gas Cost			
Other cash costs			
Total costs ex-plant \$/t			
FOB cost(freight & loading)			
Total supply cost	241	241	241
ROE 0.80 US\$: A\$	302	302	302

As it can be seen from the numbers provided, the FOB Baltic value is way below the values calculated in the report, prepared by the Australian manufacturer's.

Patrick, I am in the process of preparing the gas price analysis USA vs Russia vs Australia, which will be submitted shortly. Please note, that the problem is not with the low gas prices in Russia, since USA has similarly low gas prices. The problem is the high gas prices Australian gas producers are charging the manufacturer's of Ammonium Nitrate in Australia.

The other problem is that Australian producers have build a lot of capacity, made a wrong decision by investing money into expanding the production, when mining started to reverse it self/slowed down.

**Regards,**

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