

## Food shortage makes world hungry for fertiliser



**Company:** Burrup Holdings Limited  
**Proposed ASX Code:** BOY  
**Proposed listing date:** June 19, 2008  
**Shares on offer:** 223,100,000  
**Issue price:** \$1.75-\$2.25  
**Recommendation:** None

RISING petrol prices have been at the forefront of people's minds and wallets, but another issue is being flagged by the global community: food prices.

Wise-owl.com Analyst Imran Valibhoy says: "Increasing population and declining arable land per person is starting to take its toll on the food growth. This has led to increase demand for fertile land and thus, drive the increased intensity of fertiliser use."

So how does this tie in with this IPO? Ammonia is a key input in products such as ammonium nitrate and other complex fertilisers. Burrup Holdings (BOY) business is the production of fertiliser-grade merchant ammonia. It is the only merchant ammonia producer in Australia and the largest producer in the Asia-Pacific region.

"At the moment, Burrup is awaiting further guidance from Apache Energy on the recent gas explosion which may have a material impact on Burrup's operations. However, given the fundamentals of the sector and that of the company, we felt it was still an attractive IPO proposition considering the current investment climate," Valibhoy says.

"Burrup is the owner of one of the world's largest producing, single-train merchant ammonia plants. Its capacity and access to low-cost gas feedstock makes it one of the lowest-cost exporters into the high-growth Asia-Pacific region."

Burrup is currently forecasting 2008-09 production of more than 800,000 tonnes.

The infrastructure available near the Ammonia plant is a major benefit to the company as it is close to Port Dampier and the town of Karratha where accommodation for employees can be found. It is well placed to serve the Asia-Pacific region.

"Burrup is well positioned to capitalise on favourable global conditions for the sale of ammonia. Recently, ammonia prices have traded above \$US500/tonne and strong prices are expected to continue," Valibhoy says.

Burrup has a supply agreement with a subsidiary of Yara, the world's largest ammonia trader.

