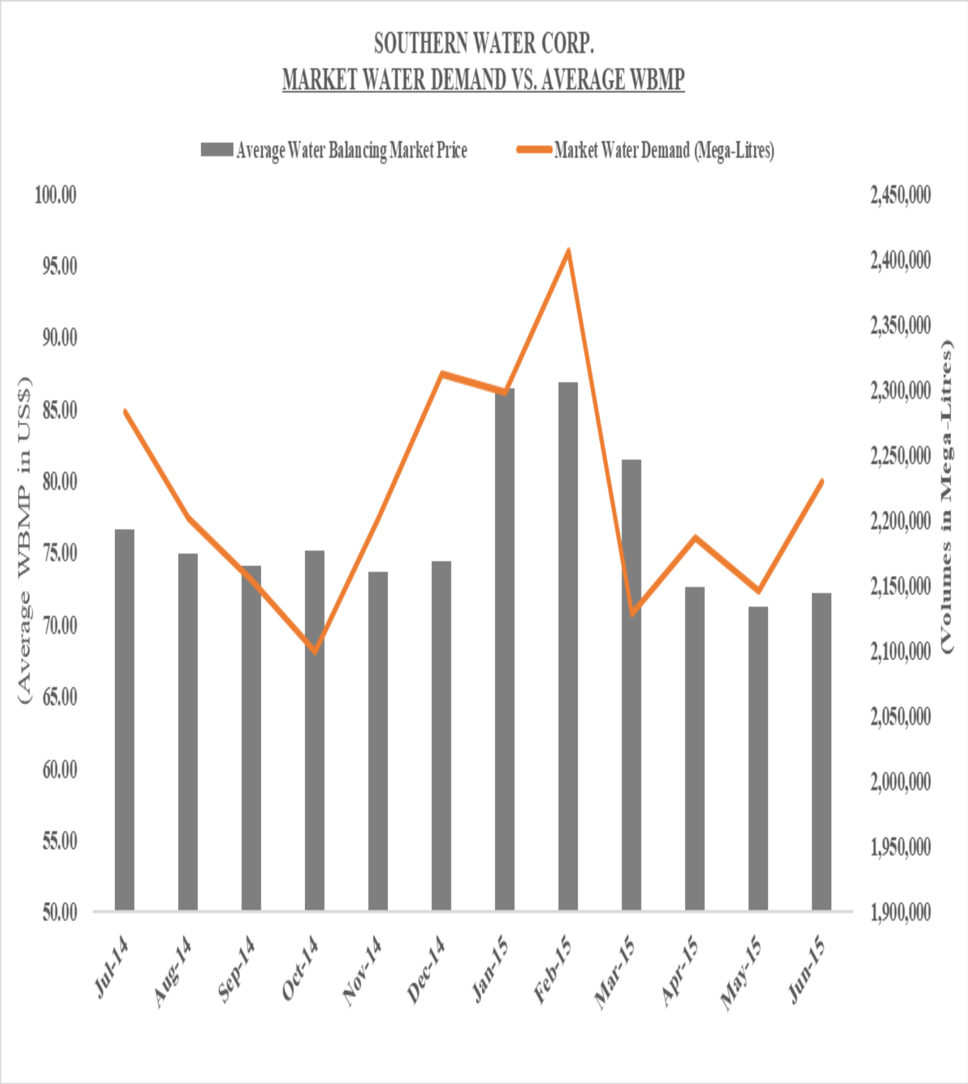
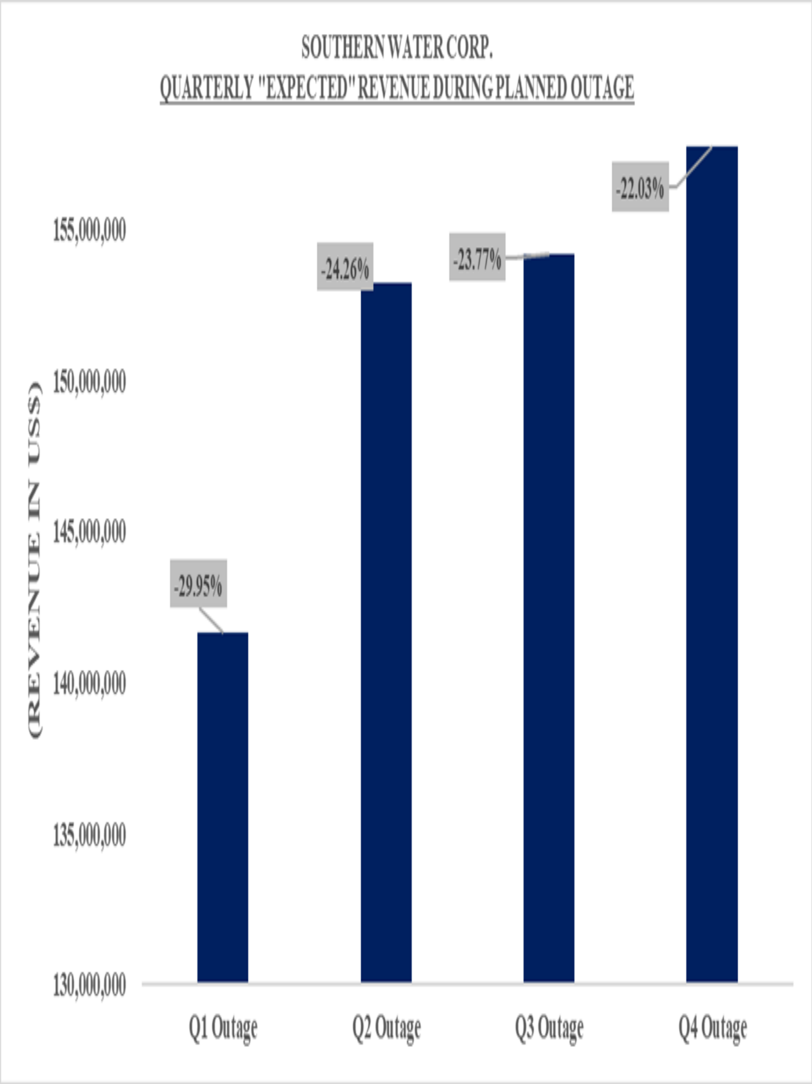
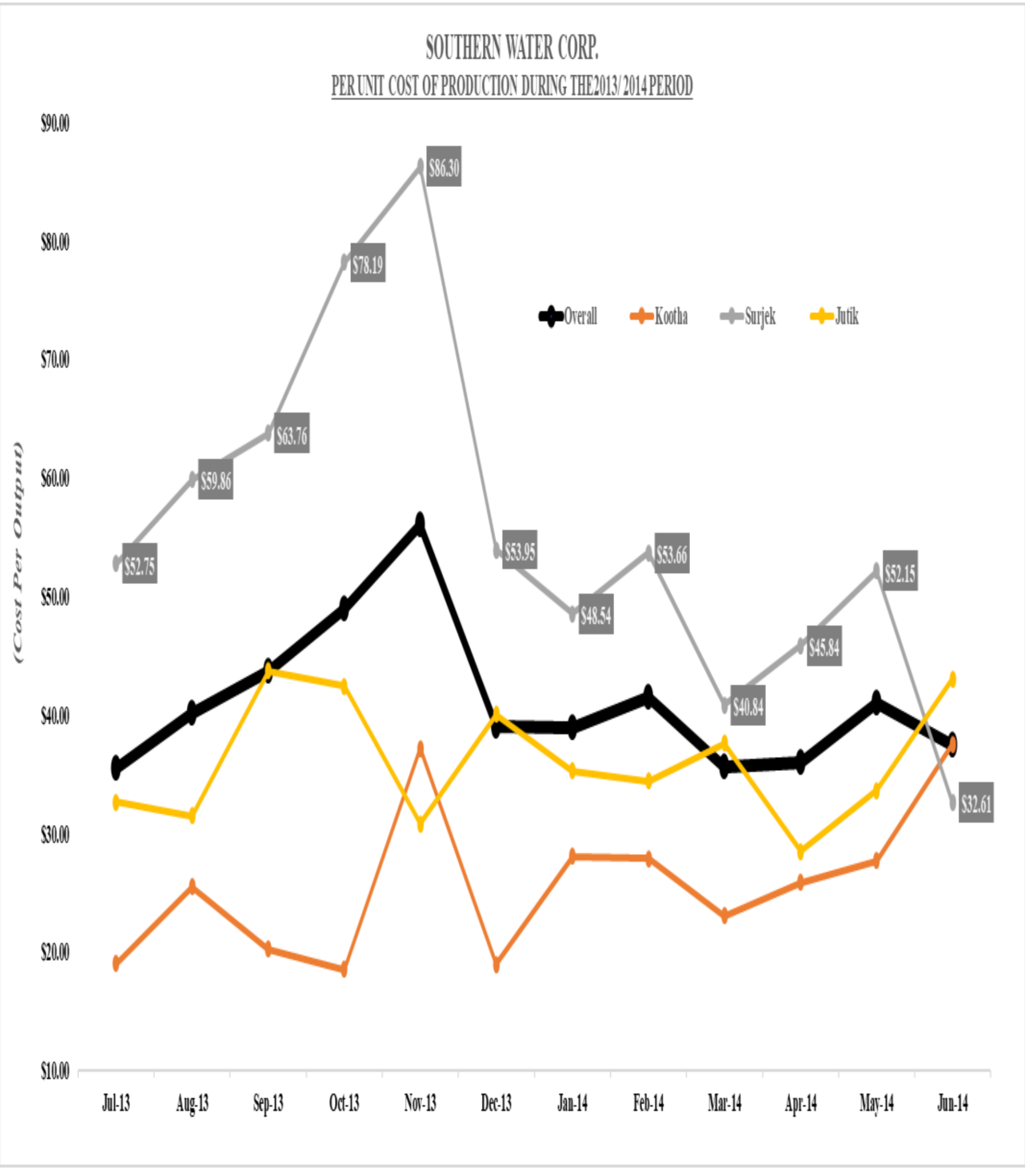
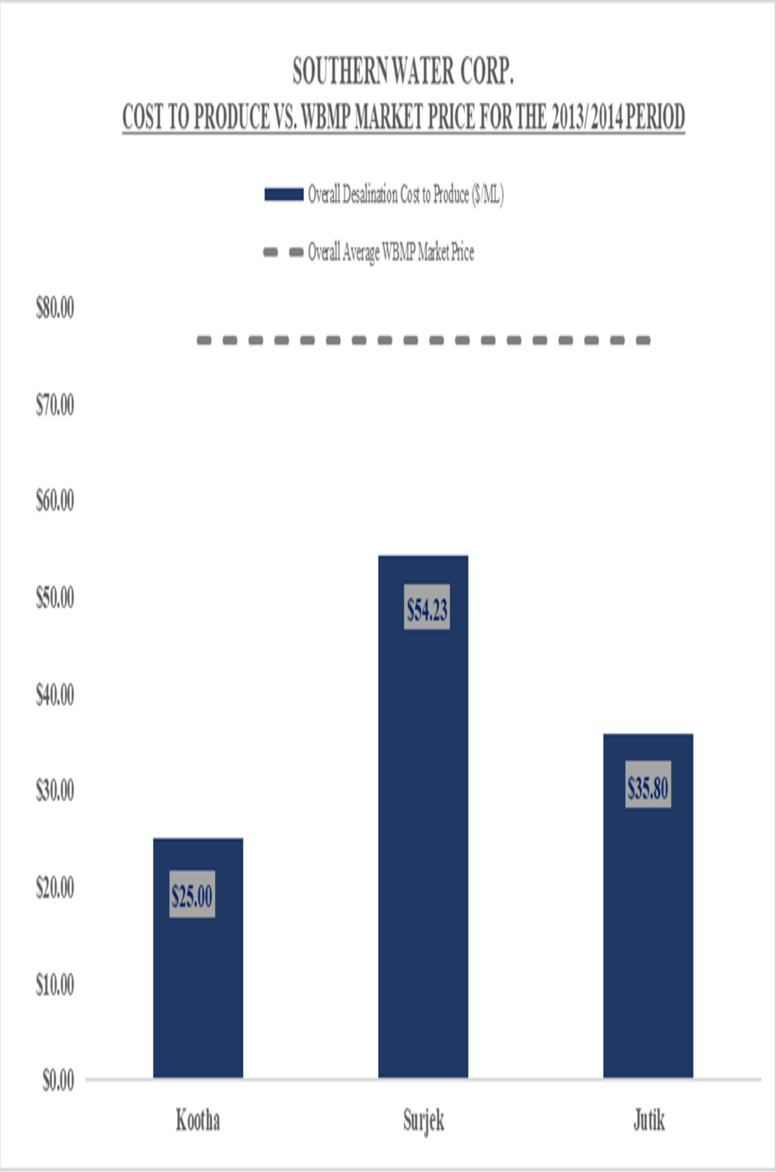
With a estimated 22% reduction in Surjek's Revenues ($44.5 M) due to the Maintenance Outage, Quarter 4 presents the best balance of revenue-loss mitigation with respect to market pricing, as opposed to Quarter 1 which represents the highest demand (2,273.07 GL) and Water Balancing Market Prices (US$ 85).



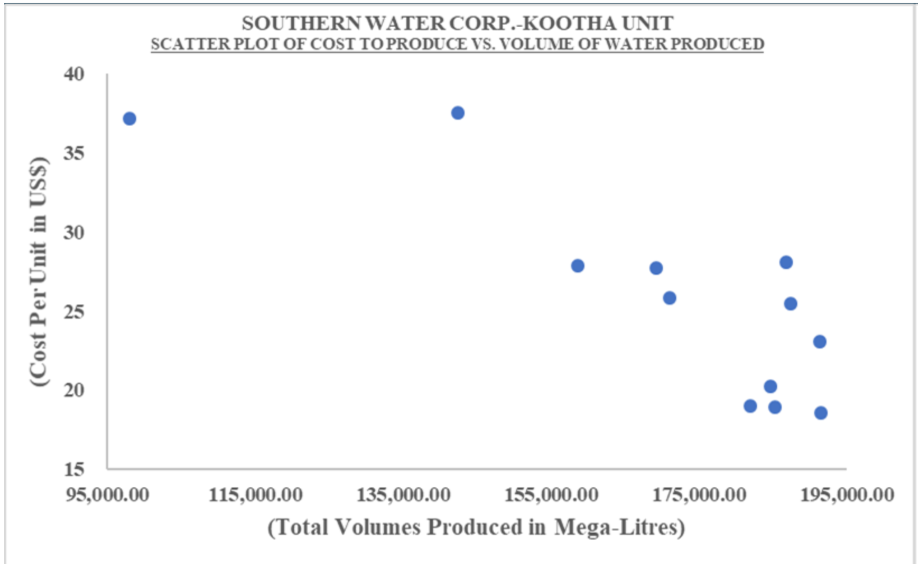


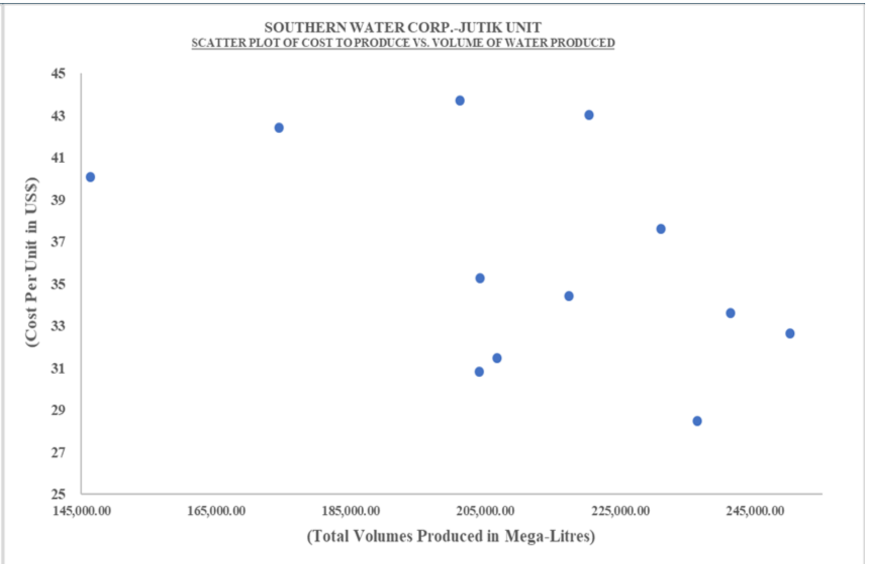
Of the three Desalination Plants, all three remain profitable at current market prices by a favourable margin; Clearly Kootha is the most cost-effective ($25 /ML) followed by Jutik ($35.80/ML) and lastly Surjek ($54.23/ML) which is consistent across the July-2013 to June-2014 period.

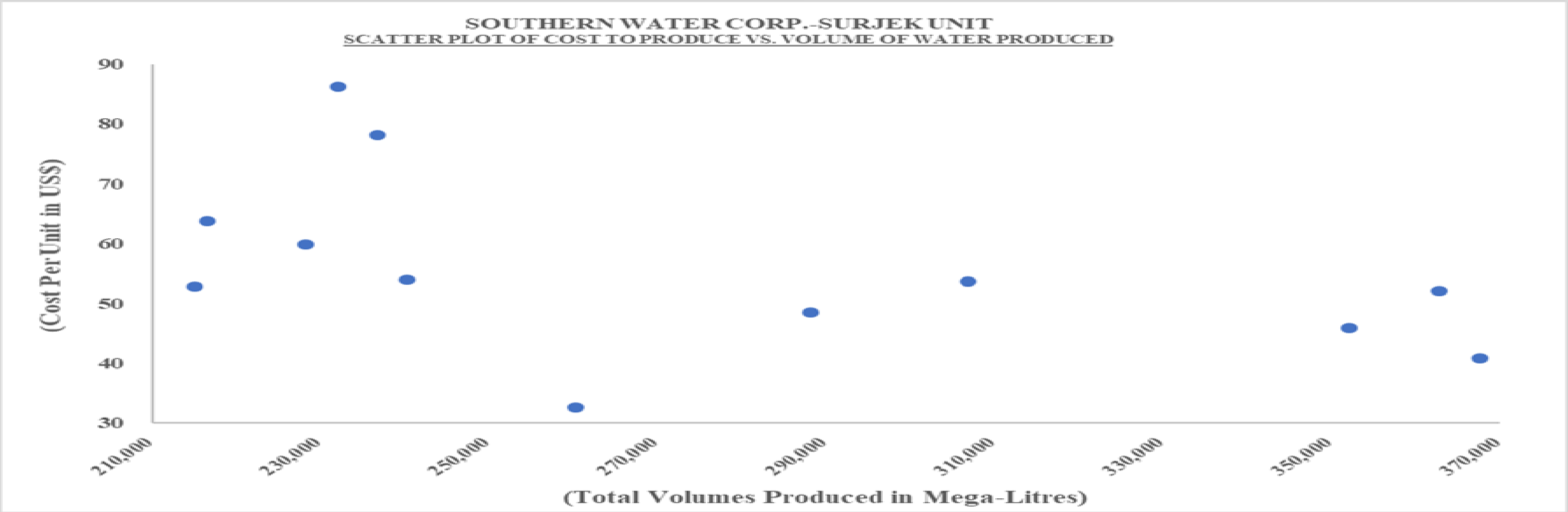




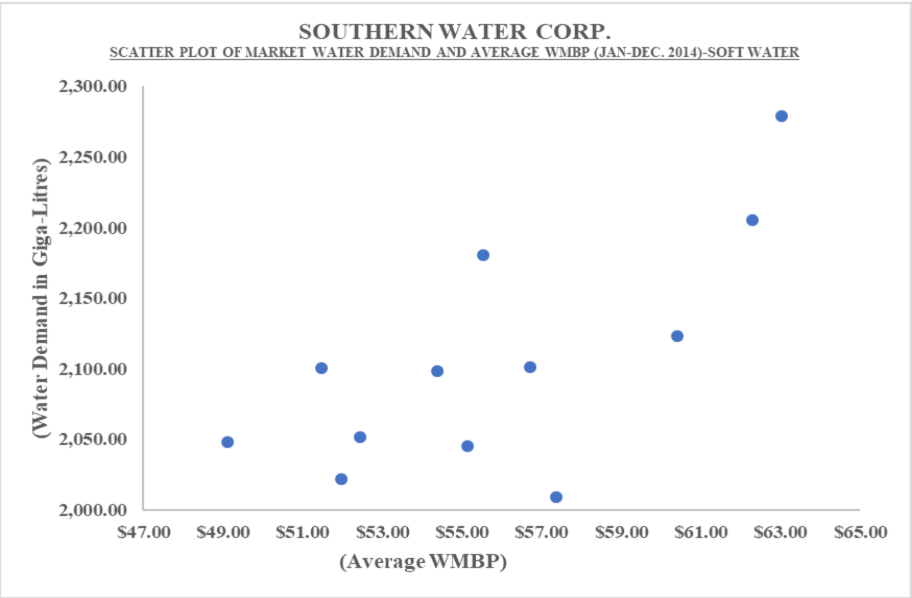
Contrasting the Cost to Produce against the Volume of Water Produced highlights clear *economies of scale,* with costs rapidly dwindling across all plants as volume surges, with this being particularly noticeable across the Kootha and Surjek Plants with costs dropping as much as 50%.

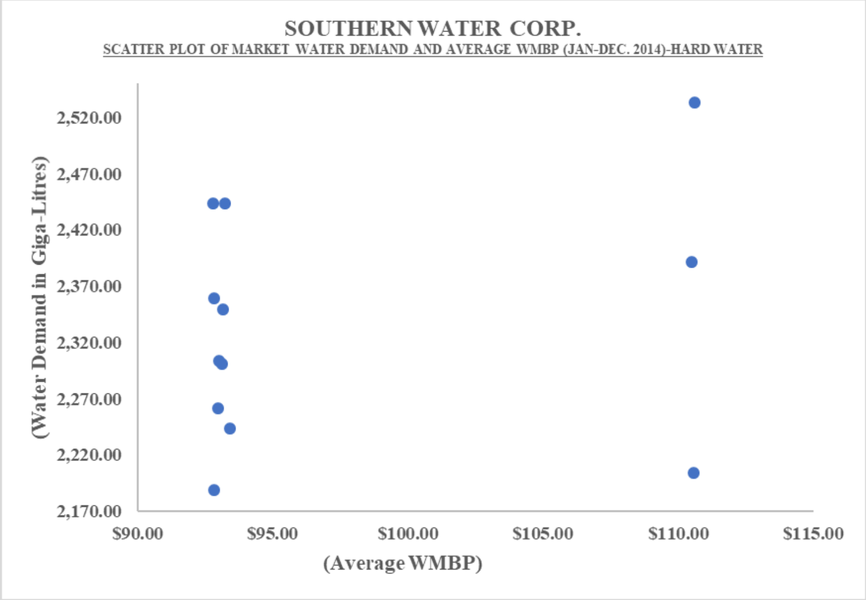


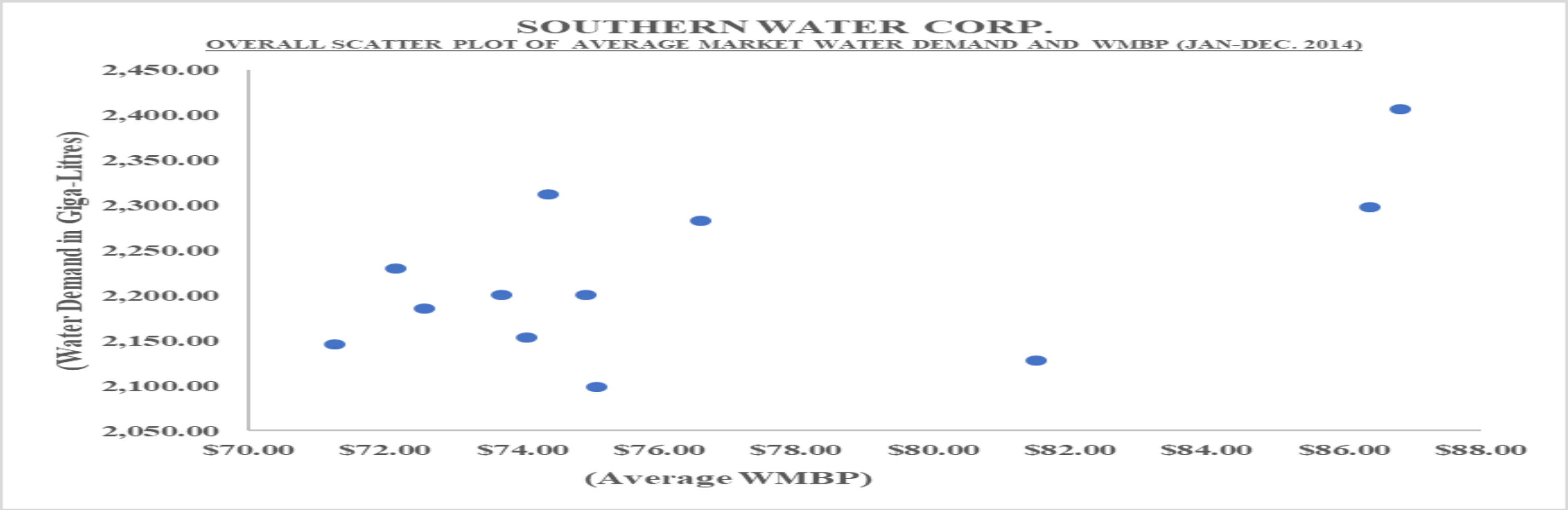




Drilling down further from a product-perspective, reveals two different patterns of elasticity where soft water tends to be relatively price inelastic regardless of quantity purchased, whilst Hard water is more representative of an elastic price-to-volume relationship.







Lastly, when viewing the economic pricing data from an micro-perspective, it is indicative that Hard Water is seen as more of a ‘less core’ product than that of Soft Water whose price remains largely flexible.