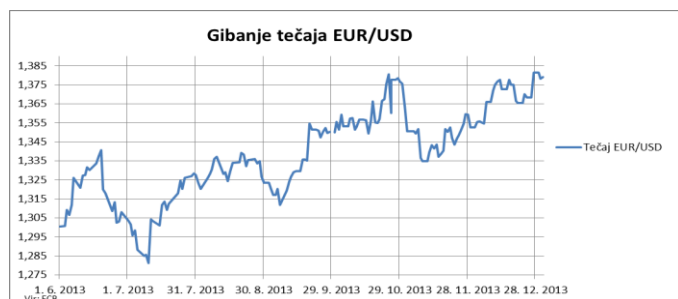


Geoplin responds successfully to challenges on the natural gas market

In 2013 Geoplin d. o. o. Ljubljana successfully carried out its mission of being a competitive and reliable supplier of natural gas to the Slovenian market. The company optimised purchasing and transmission channels, expanded its activity in the region and developed new energy-related services. The company constantly transfers the positive effects of its activities to business partners, which is reflected in a reduction of the costs of services. The building of long-term relationships with customers and the continued development of energy supply services in the region will be the core of Geoplin's operations in 2014.

EUR/USD exchange rate

The EUR/USD exchange rate has been rising since the beginning of July 2013, primarily due to the visible recovery of the European economy and aggressive US monetary policy. Analysts are also forecasting positive growth in the euro area in the first quarter of next year.

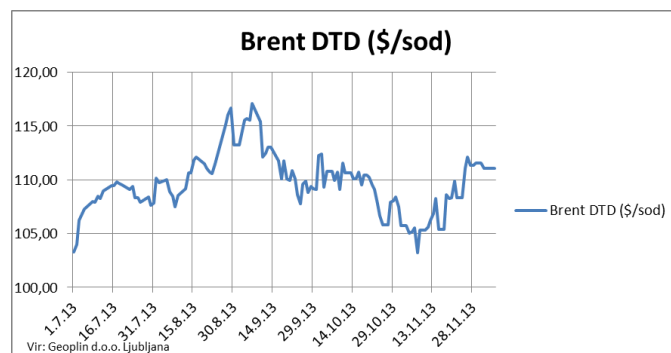


Movement in the US dollar will continue to be closely linked to the policy of the US Federal Reserve. Since December 2013 the latter has reduced the amount of debt security purchases in the scope of the QE3 (quantitative easing) programme. However, interest rates will remain at low levels. Unemployment in the US has fallen to 7% (the goal is 6.5%), while the real estate sector is slowly strengthening.

Movement in market energy prices

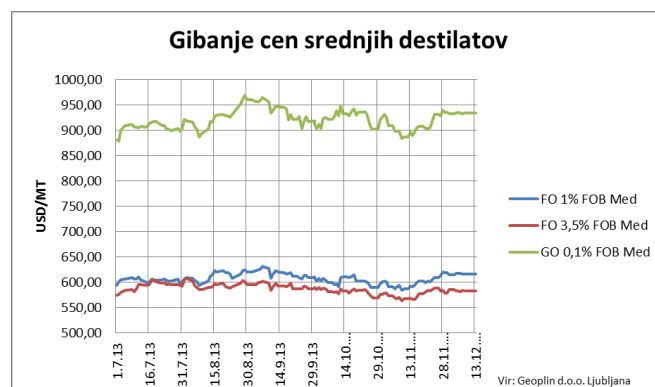
The price of Brent crude began to rise on the London exchange during the second half of 2013, reaching its peak at USD 117 USD per barrel, its highest level since

last February. According to some forecasts, existing oil prices are too high given the current global economic picture and excess supply on the market.



Medium-term forecasts (six to nine months) suggest that the price per barrel of a Brent crude will fluctuate between USD 100 and USD 115, with OPEC expected to protect the USD 100 per barrel threshold by balancing demand. The price of a barrel of Brent crude was USD 110 at the end of the year.

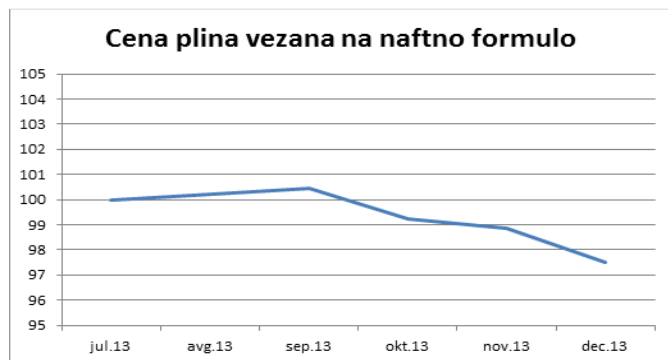
The prices of distillates declined from August until the end of October 2013 (FO1 by 1%, FO by 3.5% and GO by 0.1%), followed by a reversal in November. The winter months once again brought a rise in the prices of distillates, which by the end of the year compensated for value lost in the summer months.



Natural gas prices according to the crude oil formula

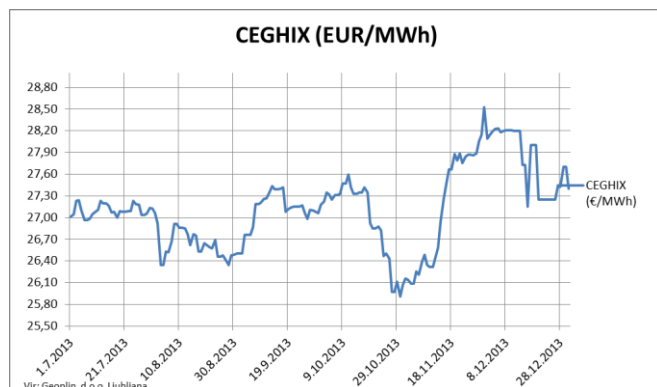
The natural gas prices index, which is set based on the crude oil formula and the EUR/USD exchange rate, has declined over the last year. Following a sharp drop in the

price at the beginning of 2013, a declining trend continued throughout the year. The reason lies in the falling prices of crude oil distillates and the weak US dollar. Given previous movements in prices of distillates and the weak US dollar, the same declining trend can be expected in the first quarter of 2014.



Natural gas price index on the CEGH

The CEGHIX natural gas price index on the Austrian CEGH (VTP) hub of Vienna exchange, which represents one of the reference prices of natural gas for Slovenia, exceeded EUR 28/MWh in December 2013. Movement in the aforementioned price is closely linked to movement in the NCG Day Ahead price from the German EEX exchange. The difference between the two markets fluctuates between EUR 0.5 and EUR 0.7/MWh. At the beginning of December 2013, the VTP Day Ahead reached its highest value at EUR 28.5/MWh, but had fallen to EUR 27/MWh by the end of the month as a result of above average outside temperatures. The prices of forward products for the first quarter of 2014 fluctuated at around EUR 27.5/MWh at the end of the year.



News from the energy market

At its regular meeting in December 2013, OPEC confirmed that total oil production will remain at 30 million

barrels a day for the foreseeable future. Although the vote was unanimous, certain members hinted that they will attempt to maximise their capacities. Members are pumping at maximum capacity, with Saudi Arabia dictating the tempo as the largest producer (10 million barrels a day). The latter's allies Kuwait and the United Arab Emirates adjust their production to demand. This system facilitates stable production at around the current and stable price in excess of USD 100. Matters might change considerably as Iraq and Iran are pressuring OPEC to increase oil production to compensate in part for losses due to sanctions imposed by the West.

According to the latest figures from the international EIA, the US has climbed to first place in terms of natural gas and oil production. The technique of horizontal drilling and hydraulic fracturing or "fracking" have resulted in extraordinary growth in production in the US.

Gazprom exported a record quantity of natural gas to the EU in 2013: 161.5 billion cubic metres, an increase of 16% on 2012. In August alone, imports of natural gas were up 27.4%, primarily as the result of a reduction in pumping from deposits in the North Sea.

Latest developments – Geoplina

With regard to business partners, Geoplina offers customers a wide range of comprehensive energy services, including energy management solutions, solutions to improve energy efficiency and solutions for own energy production.

On this occasion, we are presenting **energy management services**, which serve as the basis for improving energy efficiency and reducing costs.

Energy management solutions include the establishment of a management system and control over energy consumption. A **simple or comprehensive energy audit** represents the basis for defining the optimisation needs of every energy consumer. The next step is the setting up of an **online application** that facilitates the monitoring of energy efficiency and energy system costs, the identification of saving potentials, an energy consumption forecast and the identification of possible irregularities in the functioning of the system.

Geoplina offers its customers the hiring of an **energy manager** who provides energy consultancy services, assesses potential savings and proposes measures according to the guidelines of the ISO 50001 standard.

Geoplin provides **comprehensive services** to customers who do not have internal resources at their disposal to implement such measures. An energy manager performs an energy audit, and draws up the bases for and implements measures. He or she also establishes control and an information system for reporting and management purposes.

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