

UPDATE OF THE COMPETENT PERSONS REPORT (CPR)**AS OF 30TH SEPTEMBER 2011****RESERVE STATEMENT FOR MIBRAG ASSETS**

TO: EP ENERGY A.S. (EP), PŘÍKOP 843/4, 602 00 BRNO, CZECH REPUBLIC
DATE: 22ND JANUARY 2014
REPORT: UPDATE II 13049803



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Essen, 22 January 2014

Dear Sirs,

Competent Person's Report on the Coal Assets of a German Company

Purpose of Report

As instructed by the Directors of EP, a Competent Person's Report has been prepared by IMC for the coal assets of Mitteldeutsche Braunkohlengesellschaft mbH ("MIBRAG") in 2011. The report, which summarises the findings of IMC's review, has been prepared in accordance with requirements of a Competent Person's Report as set out in ESMA update of the CESR recommendations 2011/81 of 23 March 2011 ("ESMA Guideline"). The CPR has included a resource and reserve statement according to the 2004 version of the JORC Code.

In February 2013 and now in January 2014, IMC was commissioned to update the resource and reserve statement respectively the CPR report of 2011 for United Schleenhain and Profen, the two open cast mines of MIBRAG.

Scope of Work / Materiality / Limitations and Exclusions

IMC has reviewed the documents provided in accordance with the scope of work and any exclusions and limitations.

The IMC approach includes a critical review of a number of previous due diligence reports and updated information provided, site visits and numerous discussions with key MIBRAG personnel and other advisors. For accomplishing the scope of work IMC could rely on a detailed due diligence report titled "Technical, Environmental, Coal/Mining and Market/Commercial Advisory Services to Potential Lenders in respect of the financing of the acquisition of MIBRAG B.V. and its Subsidiaries" dated 5 January 2010 and issued by TUEV-Nord and IMC, mandated by letter of the Commerzbank AG on 13 July 2009. For said report IMC was responsible, among others, for the coal assets of MIBRAG.

All opinions, findings and conclusions expressed in this report are those of IMC and its sub-consultants.

Inherent Mining Risk

Mining, processing and power generation are carried out in an environment where not all events are predictable.

Whilst an effective Management team can, firstly, identify the known risks, and secondly, take measures to manage and mitigate these risks, there is still the possibility for unexpected and unpredictable events to occur. It is therefore not totally possible to remove all risks or state with certainty that an event that may have a material impact on the operation of a mine and associated activities, will not occur.

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INTRODUCTION

SITE VISIT

The required site visit took place on 15th January 2014 in order to conduct a peer review of the current situation of mining activities and exploration.



Figure 1: Schwerzau Mining Field (Profen Mine) as of 15th January 2014

REFERENCE

The main reference for this report is section 4 of the 2011 CPR report. Not all of the details are outlined in this update since most of the data referenced in the 2011 CPR is still valid. The subsections refer to the relevant sections in the 2011 CPR which provide more detail.

MIBRAG

For orientation the MIBRAG facilities are shown in Figure 2. MIBRAG's headquarters are located in Theißen, in the federal state of Saxony-Anhalt. The Profen mine, the Deuben plants and Waehlitz power plant are also located in Saxony-Anhalt while the United Schleenhain mine and the closed Mummsdorf plant are situated in the free state of Saxony.

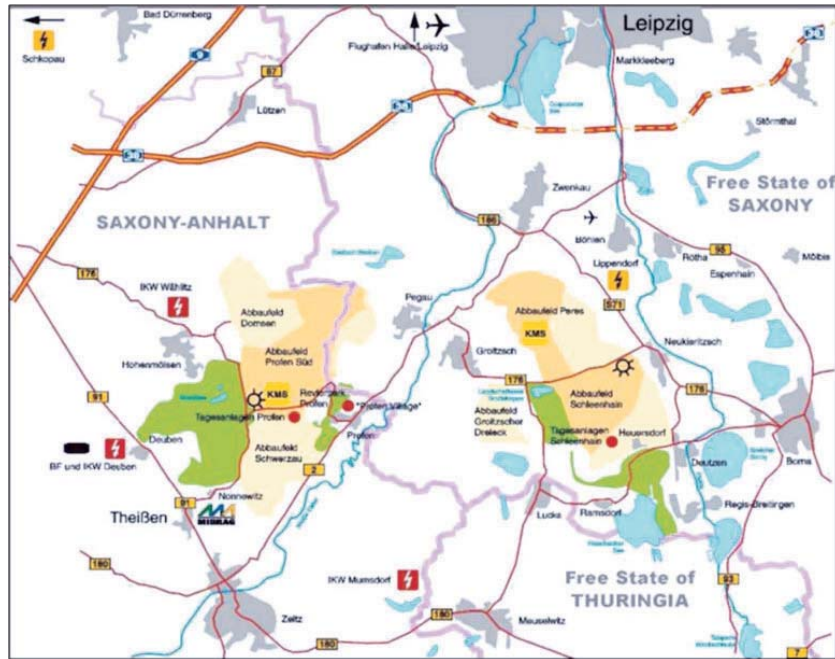


Figure 2: Location of MIBRAG offices, mines and industrial plants

GENERAL DESCRIPTION OF ASSETS

MIBRAG's core business is the supply of raw lignite to power plants owned and operated by others. MIBRAG delivers a total of about 16 Mt of raw lignite per year via rail to the Schkopau power plant (Saxony-Anhalt) and directly via belt conveyors to the Lippendorf (Saxony) power plant. The supply of the MIBRAG open-cast mines in Profen (Saxony-Anhalt) and United Schleenhain (Saxony), which matches the life span of the two power plants, is expected to last until about 2030 and 2040 respectively. The mines also provide lignite by truck or rail transport to MIBRAG industrial plants and other clients in the area.

MIBRAG also owns and operates some small lignite fired combined heat and power (CHP) plants at Deuben, Mumsdorf (operation ceased on 30 June 2013, as scheduled) and Waehlitz with a total installed capacity of 208 MW. The electricity produced is primarily used to run MIBRAG's own mining equipment. Surplus electricity is sold to public private networks and thermal heat generated by the combustion process is delivered to consumers nearby. Due to the cogeneration and utilization of electrical and thermal heat these types of plants are called Combined Heat and Power (CHP) plants. In addition, sewage sludge and bio sludge are also combusted to improve economics.

At Deuben, MIBRAG also owns and operates a lignite dust factory where raw lignite is dried and ground to a fine powder and sold as lignite dust mainly to the cement and lime industry.

During 2010 MIBRAG accepted a 3-year contract with a trading subsidiary of RWE AG to produce about 65,000t/year of lignite briquettes. For this purpose MIBRAG re-activated its Deuben briquette factory where raw lignite delivered by RWE is now processed for regional sales by RWE. The contract with RWE has been extended beyond 2013.

As of December 2010 MIBRAG also started a renewable energy business, 3 wind turbines of 2.3 MW net capacity each were put into operation at the western rim of the Peres mine.

The Deuben and Mumsdorf plants were retrofitted in the past to maintain the technical safety standards and guarantee the required high availability and meet statutory limits, especially in terms of pollution control. The Waehlitz CHP is an efficient modern plant commissioned in 1994. The Mumsdorf power plant was taken out of operation on 30 June 2013. The first part of the closure plan was authorized on 27 June 2013. MIBRAG expects demolition and rehabilitation of the area will proceed as planned. The Deuben power plant, including the associated lignite dust/briquette factory, is scheduled for closure in 2020 according to the MIBRAG long term plan.

With the contract closing date as of 31 December 2013 MIBRAG has taken over lignite mining and power generation in the Helmstedt area from E.ON. The continued operation of the Helmstedt open pit and the associated Buschhaus power plant (390 MW) will be exercised through a 100% MIBRAG owned subsidiary company Helmstedter Revier GmbH (HSR). The assets and activities of HSR were specifically excluded from the scope of work of this CPR update.

LEGAL SITUATION

IMC received confirmation that no change in the legal situation has occurred since the issue of the 2011 CPR. Renewal of permits is applied for and permits are issued on a routine basis in cooperative manner with authorities and other stakeholders. For the two open pits, the governing main operation plans (Hauptbetriebsplan) were renewed as follows:

- Profen Mine: authorization dated 20 December 2012 from mining authorities of Saxony-Anhalt and Saxony covering the mine operations for calendar years 2013 and 2014.
- United Schleenhain Mine: authorization dated 19 December 2013 from mining authorities of Saxony covering the mine operations for calendar years 2014 and 2015.

GEOLOGY

This section of the 2011 CPR is still valid and not repeated in this update.

RESOURCE AND RESERVE STATEMENT

RESOURCE AND RESERVE ESTIMATING METHOD

In order to show the theoretical basis of the classification method according to JORC the main items will be repeated in the following section.

The JORC code is used as a reporting system in international exploration campaigns. The Australasian Code for Reporting of Exploration Results, Mineral Resources and Reserves was established 1971 by the Joint Ore Reserves Committee (JORC) and is the fundamental reporting system in Australia, Canada, South Africa, USA, UK and Ireland. It is also accepted in many states in Europe following the agreement to incorporate the CMMI (Council of Mining and Metallurgical Institutions) definitions into the International Framework Classification for Reserves and Resources – Solid Fuels and Mineral Commodities, developed by the United Nations Economic Commission for Europe ('UN-ECE').

One of the main factors in the JORC code reporting is that a ‘competent person’ executes the reporting. The qualification of a ‘competent person’ as well as the terminology used for classifying coal reserves are described in the JORC code.

The CPR was based on the 2004 version of the JORC CODE, still relevant in 2012. The new 2012 Edition of the JORC code was published 20 December 2012. The JORC Code 2012 Edition came into effect on 1 December 2013. To report reserves according to the JORC CODE Edition 2012 a Pre-Feasibility/Feasibility Study has to be executed with a transition period up to 1 December 2014. Some other changes relevant for this CPR are:

- Companies must review and publicly report their Mineral Resources and Ore Reserves annually. The annual review date must be nominated by the Company in its Public Reports of Mineral Resources and Ore Reserves and the effective date of each Mineral Resource and Ore Reserve statement must be shown. The Company must discuss any material changes to previously reported Mineral Resources and Ore Reserves at the time of publishing updated Mineral Resources and Ore Reserves.
- Public Reports of Ore Reserves must specify one or other or both of the categories of ‘Proved’ and ‘Probable’. Reports must not contain combined Proved and Probable Ore Reserve figures unless the relevant figures for each of the categories are also provided. Reports must not present metal or mineral content figures unless corresponding tonnage and grade figures are also given.
- Where companies prefer to use the term ‘Mineral Reserves’ in their Public Reports, eg for reporting industrial minerals or for reporting outside Australasia, they should state clearly that this is being used with the same meaning as ‘Ore Reserves’, defined in this Code. If preferred by the reporting company, ‘Ore Reserve’ and ‘Mineral Resource’ estimates for coal may be reported as ‘Coal Reserve’ and ‘Coal Resource’ estimates. JORC prefers the term ‘Ore Reserve’ because it assists in maintaining a clear distinction between a ‘Mineral Resource’ and an ‘Ore Reserve’, whereas other codes feel it is better to reference Mineral Exploration Results, Mineral Resources and Mineral Reserves.

A Mineral Resource is a concentration or occurrence of material of intrinsic economic interest in or on the earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, geological characteristics and continuity of a Coal Resource are known, estimated or interpreted from specific geological evidence and knowledge. Coal Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories:

An ‘Inferred Mineral Resource’ is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

An ‘Indicated Mineral Resource’ is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches,

pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

An 'Ore Reserve' (Coal Reserve) is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

A 'Probable Ore Reserve' (Probable Coal Reserve) is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.

A 'Proved Ore Reserve' (Proved Coal Reserve) is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors.

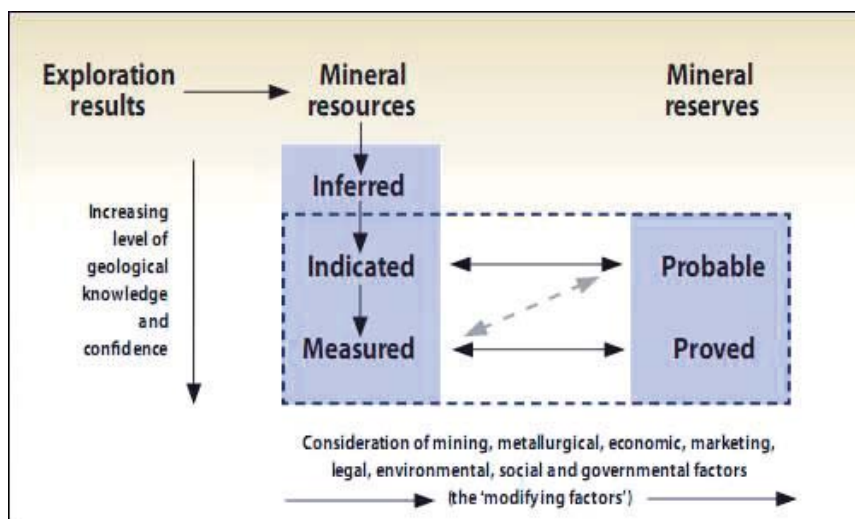


Figure 3: General relationship between Exploration Results, Coal Resources and Coal Reserves

INPUT DATA FOR RESERVES AND RESOURCES STATEMENT

The main part of the exploration was made during German Democratic Republic times and by MIBRAG itself in the following decades (see section 4.1 and 4.2 of the 2011 CPR). Random samples viewed by IMC Geologist all confirmed the data of MIBRAG.

MIBRAG is exploring continuously. In the last two years 735 boreholes have been drilled for geotechnical and analytical issues of 37,023 meters

The quality measurements are taken in MIBRAG's own laboratory. The laboratory is certified according to DIN ISO 9001:2008 and 17025:2005. The supplied power plants require a constant chemical composition of lignite which has to be achieved by mixing chemically varying lignite from different seams and sections. This takes place at MIBRAG's own coal handling facilities (see section 4.3 of the 2011 CPR).

Since 1994, MIBRAG has used the MINESCAPE software package from MINCOM Ltd. for geological, coal quality and mine planning. The package (version 5.4 is still in use according to the latest information), a recognized state-of-the-art software is used by mining companies worldwide for deposit modelling, open-cast mine planning and production scheduling (see section 4.1 of the 2011 CPR). All quality data including 28,283 boreholes are implemented in the geological model.

The main customers of MIBRAG are the Lippendorf and Schkopau power plants. The fact that the power plants carry out their own chemical analysis and have raised no complaints, confirms the excellence and reliability of MIBRAG's own certificated laboratory.

Meeting the requirements of the power plants also demonstrates the competent and well documented mine planning. This leads to the conclusion that the evaluation of reserves and resources made by MIBRAG are precise and trustworthy.

RESERVES AND RESOURCES STATEMENT AS OF 30.06.2011

IMC has produced a Competent Person's Report on the coal assets of the MIBRAG in 2011 including a resource and reserves statement. As result the IMC geologist has classified the resources and reserves in accordance with the JORC classification system as follows:

Mine	Mining fields	Proved (Mt)	Probable (Mt)
Profen Mine	Profen South/D1	4.1	-
	Schwerzau	89.3	-
	Domsen	88.0	-
Total		181.4	-

Table 1: Lignite reserves of Profen mine (as of 30th of June 2011)

Mine	Mining fields	Proved (Mt)	Probable (Mt)
United Schleenhain Mine	Schleenhain	113.3	-
	Peres	120.0	-
	Groitzsch	68.0	-
Total		301.3	-

Table 2: Lignite reserves of United Schleenhain mine (as of 30th of June 2011)

In total the classified reserves summed up to 482.7 Mt proved reserves of lignite in the two open cast mines United Schleenhain and Profen of MIBRAG.

CHANGES IN THE INVENTORY BETWEEN 2011 AND 2012

In order to understand the changes in the resource and reserve inventory the historical production and any other changes due to other incidents have to be evaluated. In the following table production for the second half year 2011 and the year 2012 is summarized.

Mine	HY 2011	2012	Total
	(Mt)	(Mt)	(Mt)
Profen Mine	4.8	9.0	13.8
United Schleenhain Mine	5.5	9.7	15.2
Total	10.3	18.7	29.0

Table 3: Lignite production in the second half of 2011 and 2012

Reserve Change	Total (Mt)
Production	-29.0
Bandanlagenpfeiler	1.9
Landslide in 2012	-3.5
Total	-30.6

Table 4: Changes in the reserve inventory between the second half 2011 and 2012

In Table 4 the changes in the overall inventory of the lignite reserves are summarized. Other than the production, reserves were lost due to the sterilization of lignite as result of a landslide occurring in 2012 in the Schleenhain mine and reserves added due to the exploitation of additional lignite in the so called “Bandanlagenpfeiler” in the Profen mine.

RESERVES AND RESOURCES STATEMENT AS OF 31.12.2012

The abundance of data and demonstrated economic mine operations are convincing evidence that reserves are to be classified as proved coal reserves (see below tables). The data show the proved coal reserves as of 31st December 2012.

Mine	Mining fields	Proved	Probable
		(Mt)	(Mt)
Profen Mine	Profen South/D1	4.0	-
	Schwerzau	77.5	-
	Domsen	88.0	-
Total		169.5	-

Table 5: Lignite reserves of Profen mine (as of 31st of December 2012)

Mine	Mining fields	Proved	Probable
		(Mt)	(Mt)
United Schleenhain Mine	Schleenhain	94.6	-
	Peres	120.0	-
	Groitzsch	68.0	-
	Poedelwitz		12.0
Total		282.6	12.0

Table 6: Lignite reserves of United Schleenhain mine (as of 31st of December 2012)

In total the classified reserves summed up to 452.1 Mt proved and 12 Mt probable reserves of lignite in the two open cast mines United Schleenhain and Profen of MIBRAG.

CHANGES IN THE INVENTORY UNTIL 3RD QUARTER OF YEAR 2013

The change in relation to the reserves as of 30.09.2013 is effected by the production in the first 3 quarters of year 2013 from 1st of January to 30th September.

Mine	Mining fields	Production
		(Mt)
Profen Mine	Profen South/D1	0.18
	Schwerzau	6.18
	Domsen	
Total		6.36

Table 7: Lignite production in the Profen Mine until 3rd quarter 2013

Mine	Mining fields	Production
		(Mt)
United Schleenhain Mine	Schleenhain	7.85
	Peres	
	Groitzsch	
Total		7.85

Table 8: Lignite production in United Schleenhain Mine until 3rd quarter 2013

RESERVES AND RESOURCES STATEMENT AS OF 30.09.2013

The reserves evaluated by MIBRAG as of 31.12.2013 are compared with the reserves established by IMC for 31.12.2012 and reduced by the production up to the 3rd quarter of the year 2013.

Mine	Mining fields	Proved	Probable
		(Mt)	(Mt)
Profen Mine	Profen South/D1	3.8	-
	Schwerzau	67.5	-
	Domsen	88.0	-
Total		159.3	-

Table 9: Lignite reserves of Profen mine (as of 30th of September 2013)

Mine	Mining fields	Proved	Probable
		(Mt)	(Mt)
United Schleenhain Mine	Schleenhain	86.7	-
	Peres	120.0	-
	Groitzsch	68.0	-
	Poedelwitz		12.0
Total		274.7	12.0

Table 10: Lignite reserves of United Schleenhain mine (as of 30th of September 2013)

In total the classified reserves summed up to 434.0 Mt proved and 12 Mt probable reserves of lignite in the two open cast mines United Schleenhain and Profen of MIBRAG.

CHANGES IN THE INVENTORY IN YEAR 2013

The change in relation to the reserves as of 31.12.2012 is effected by the production in year 2013 from 1st of January to 31st December.

Mine	Mining fields	Production
		(Mt)
Profen Mine	Profen South/D1	0.23
	Schwerzau	8.19
	Domsen	
Total		8.42

Table 11: Lignite production in the Profen Mine in 2013

Mine	Mining fields	Production
		(Mt)
United Schleenhain Mine	Schleenhain	10.70
	Peres	
	Groitzsch	
Total		10.70

Table 12: Lignite production in United Schleenhain Mine in 2013

RESERVES AND RESOURCES STATEMENT AS OF 31.12.2013

The reserves evaluated by MIBRAG as of 31.12.2013 are compared with the reserves established by IMC for 31.12.2012 and reduced by the production of the year 2013.

Mine	Mining fields	Proved	Probable
		(Mt)	(Mt)
Profen Mine	Profen South/D1	3.8	-
	Schwerzau	65.5	-
	Domsen	88.0	-
Total		157.3	-

Table 13: Lignite reserves of Profen mine (as of 31st of December 2013)

Mine	Mining fields	Proved	Probable
		(Mt)	(Mt)
United Schleenhain Mine	Schleenhain	83.9	-
	Peres	120.0	-
	Groitzsch	68.0	-
	Poedelwitz		12.0
Total		271.9	12.0

Table 14: Lignite reserves of United Schleenhain mine (as of 31st of December 2013)

The difference of 3.8 million tonnes of lignite in the reserve evaluation of the Schwerzau mining field is according to MIBRAG due to yearly executed reserve calculation where the recovery is reconciled and the geological and mining models adjusted. Other differences are minor and explained by rounded tonnage figures.

The partial fields of Domsen and of Groitzsch have not yet been designed in detail. Once the detailed design will be done, in particular the final slopes, minor adjustment of reserves may come about.

The addition of the partial field of Kieritzsch to Peres (approx. 12 Mt) has not even been included in the Regional Plan and is therefore not considered in the resources and reserve statement.

For the mining field Poedelwitz in the west of Peres the situation has not changed in 2013. The mining permit was confirmed by the Sächsisches Oberbergamt Freiberg in October 2012 and in November 2012 a framework contract with the city of Groitzsch (Poedelwitz is part of Groitzsch) was signed for the relocation of Poedelwitz. This added 12 million tonnes of lignite reserves classified as probable coal reserve and included in the overall Reserves statement. Following the acquisition of the Poedelwitz mining field, additional up to 13 million tonnes of inferred resources can be mined by moving the Peres mining field boundary towards the main conveyor line.

However MIBRAG is currently evaluating the figures to be approved to start mine planning on the additional 13 Mt. These inferred resources are not included in the CPR. Subject to the outcome of the on-going surveys and planning, these tonnes could be added as a probable coal reserve to the Reserve statement.

Overall, following the acquisition of Poedelwitz mining field, up to 25 Mt could be turned into proved reserves as soon as the main operation plan (Hauptbetriebsplan) is updated to reflect the Poedelwitz mining field and the moved Peres mining field boundary.

As a Competent Person, and on the basis of the historical information and the recently provided information by MIBRAG during the site visit, the IMC geologist classifies the reserves in accordance with the JORC classification system as proven reserves of 429.3 and 12 Mt of probable reserves of lignite.

PROSPECTS

There are additional lignite deposits, for which MIBRAG holds rights and options of various levels. All of them are located outside of the current operation area and activities are not envisaged within the review period. They represent some attractive opportunities for MIBRAG to continue lignite mining well beyond the lifetime of the current mines but are not further discussed in this report.

The future development of MIBRAG is centred around the Luetzen field where exploration was completed in 2009. If the Luetzen field could be exploited production could be prolonged for the Profen mine complex as the Luetzen field is situated directly next to the Domsen mining field. The mine plans prepared to date estimate the extraction of 133 Mt of lignite from the north and south fields. The quality analysis suggests that the lignite quality is of comparable quality to the Profen-South/D1 mining field. The IMC geologist checked the MIBRAG reserves assessment during the 2009/10 due diligence and confirmed geological resources in the order of 300 Mt. What might be economically minable will depend on the permitting process that would follow an investment decision on MIBRAG.

There are in addition further lignite deposits, for which MIBRAG holds rights and options of various rank. Three deposits which are of interest for MIBRAG are Luebtheen, Egelner Suedmulde and Doebitschen. The first two are located at greater distance from MIBRAG's current operations: Egelner Suedmulde in the centre of Saxony-Anhalt and Luebtheen in the south of Mecklenburg-Vorpommern. The lignite quality would be suitable for energy generation as well as for chemical processing purposes. The approval procedure is suspended and in any case they have not been considered in the resources and reserves statement. The Doebitschen deposit, with approximately 75 Mt, is located nearby the current operations of MIBRAG and it is, therefore, suitable for potential further development. However, it is also subject to obtaining necessary approvals and it is not included in the resources and reserves statement.

However IMC noted that MIBRAG makes sure that the options for these exploration areas will still belong to the company.

MINING

An update of the general view on the German lignite industry was not considered necessary for the purpose of this report.

An in-depth review of the MIBRAG mining strategy and operations were also not part of the scope of work since no significant changes were reported. Only minor variations to the 2011 CPR occurred in the mining approach. For this reason an update was not considered necessary. However, there was one remarkable incident on 29 August 2012 at the southeast part of the Schleenhain mine when a landslide damaged the bucket wheel excavator SRs 702-1554 and the connected belt wagon 811. Both major mining machines could be repaired and brought back into operation during the second half of 2013. Despite the temporary loss of production equipment the overall mine capacity allowed full compensation. At no time was the supply to the Lippendorf power plant at risk. The incident came as a surprise and in consequence the critical southeast part of the Schleenhain mine is now intensively controlled and the mine plan slightly changed to provide for adequate safety.

MAINTENANCE AND INFRASTRUCTURE

There is no update on this section of the 2011 CPR. Assets and operations were reported to function on a routine basis and as scheduled. The only major change to the 2011 situation was the scheduled Mumsdorf power plant closure of operation on 30 June 2013.

MANAGEMENT AND MANPOWER

The MIBRAG manpower distribution is shown in Table 15. There is a change in total manpower dropping from a total of 1,785 personnel as of 31 July 2011 to a total of 1,656 as of 31st December 2013. The reduction in personnel also affected the board of directors of MIBRAG when the CEO assumed also the position of the Chief Operating Officer. However, this change mainly results from the closure of the Mumsdorf powerplant in mid-2013 and does not have an effect on the mining capacity. MIBRAG continues to take over all apprentices who successfully complete their vocational training thus improving the age distribution of the overall work force. The main organisational units of MIBRAG GmbH are listed in Table 15 **Fehler! Verweisquelle konnte nicht gefunden werden.** below.

Mining	655
Management	8
Mine Planning	14
Profen open-cast mine	275
United Schleenhain open-cast mine	244
Exploration and Dewatering	114
Beneficiation	190
Management	7
Deuben CHP	69
Wählitz CHP	34
Deuben Dust/Briquette Factory	45
Maintenance Beneficiation	35
Technical Services	450
Management	3
Work Preparation	15
Electrical Department	142
Mechanical Department	180
Civil Construction 6	6
Railway	96
Quality Control / Quality Assurance	8
Engineering	132
Marketing/Development	27
Engineering Services / Environmental Protection	92
Applied Technology	4
Real Estate	9
Management/Central Services	229
Management/Revision 6	6
Administration 121	121
Services 83	83
Communication/Development	19
Grand Total	1,656

Table 15: Main organisational units of MIBRAG GmbH and number of personnel (as of 31st December 2013) (Source: MIBRAG)

OCCUPATIONAL HEALTH AND SAFETY (OHS) SYSTEM/FIRE AND RESCUE ORGANISATION

MIBRAG reported no change to the system of health and safety and emergency response. For this reason an update of this section was not considered necessary for the purpose of this report.

ENVIRONMENT

During the site visit on 15th January 2014 IMC was informed that activities concerning the environment continued as planned and on a well established routine basis. As expected the regional water management and requirements for improving the status of surface water and groundwater bodies remained in focus.

Following changes to the situation in 2011 have occurred or will have to be implemented in the course of the “Langzeitplanung” of the MIBRAG:

MIBRAG will advance plans to implement a mine water treatment facility for Profen mine water. Engineering has started and construction will be in 2015 and 2016. Design and operation of the mine water treatment plant will be similar to the one operating successfully at the United Schleenhain mine since 2010 but water quality limits are foreseen at Fe < 1.5 mg/L and not < 3mg/L. The maximum treatment capacity will be significantly higher than the one at Schleenhain.

Starting in 2015 MIBRAG will discharge groundwater from the Profen pit drainage into the Weiße Elster river at a rate of 25 m³/min as compensation for losses caused by the mine drainage. Planning for this new water discharge system continues. Construction is expected to be complete in 2015.

The mine water discharge permit for the Profen mine is currently in a draft status and will take the above items into account. MIBRAG confirmed that the items mentioned above do not influence the current plans on final closure, endlake developments and provisions made for final rehabilitation costs.

Other environmental activities proceed as planned and are not specifically addressed in this report.

GERMAN LIGNITE INDUSTRY

An update of this section was not part of the scope for this report. Significant changes happened by mid 2012 when EP Energy took over the 100% share of Saale Energy GmbH (NRG) and therewith 41.9 % of the Schkopau Power Plant and by the end of 2013 when MIBRAG took over the Helmstedt lignite mining and power plant from E.ON.

For the short and mid-term lignite keeps its well established position in the German power generation mix. With the changes mentioned above MIBRAG’s lignite supply situation has definitely improved. MIBRAG is already supplying the Buschhaus power plant via railway from the Profen at a current rate of about 4,000 t/d. The lignite reserves of the Helmstedt lignite mine are exhausted by 2017 and from there on the Profen mine will become the only supplier of lignite to the Buschhaus power plant. This supply situation will ac-

ording to MIBRAG last until 2030. In addition the new ownership structure of the Schkopau power plant confirms the expected supply from the Profen mine beyond the current contract which terminates in 2021.

FINANCIAL

No costs have been reviewed since April 2013. An update of this section was not considered in the scope of this report.

CONCLUSIONS

MIBRAG performs lignite mining operations on the basis of state approved Frame Work Mine Plans for the coal deposits of the Profen and Schleenhain mines. IMC has found full compliance of MIBRAG's mine operations with the terms and conditions of the mineral rights in its 2011 CPR and the recently executed site visit.

The existing JORC 2004 qualified reserves statement has been found consistent with state of the art JORC 2012 resources and reserves estimation. Performed evaluation of past mine operations as well as technical and commercial feasibility studies allow for classifying most of its reserves

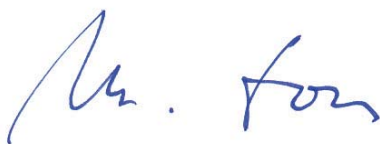
- As of 30th September 2013 159.3 Mt (Profen) and 274.7 Mt (United Schleenhain) as proven reserves and additional 12 Mt (Poedelwitz) as probable reserves.
- As of 31st December 2013 157.3 Mt (Profen) and 271.9 Mt (United Schleenhain) as proven reserves and additional 12 Mt (Poedelwitz) as probable reserves.

Coal quality measurement and prediction are being performed by state of the art sampling and analysis in certified laboratories.

Geological modelling and Mine planning has been performed with MINEX planning techniques and account for the full proven, mineable reserves of both the Profen and Schleenhain fields.

Yours Faithfully,

IMC-Montan Consulting GmbH, Am Technologiepark 1, 45307 Essen, Germany



Michael Loos

Project Director, Technical Director IMC-Montan Consulting GmbH,


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	Signature	Name / Designation
Verification, Resources & Reserves Statement		Stephan Peters, Euro-Geologist, Competent Person
Approval:		Florian Beier, EUR Ing., Project Manager
Approval:		Michael Loos, Project Director
Date:	22 nd January 2014	

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CAPABILITY AND INDEPENDENCE OF THE CONSULTANT

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IMC operates as an independent technical consultant providing resource evaluation, mining engineering and mine valuation services to clients.

Details of the qualifications and experience of the consultants, who carried out the work were submitted to EP with the IMC offer. The IMC approach includes a critical review of a number of previous due diligence reports and updated information provided, site visits and numerous discussions with key MIBRAG personnel and other advisors.

IMC TEAM

The IMC Project Team comprised following key personnel:

MICHAEL LOOS, PROJECT DIRECTOR

Michael Loos is IMC Technical Director and Principal Processing Engineer with 30 years of consulting and operating experience in all aspects of mining and mineral processing, mine related surface facilities, environmental studies and assessments. He has participated in a wide range of assignments in Bosnia Herzegovina, Botswana, Czech Republic, Egypt, Ghana, India, Iran, Italy, Kazakhstan, Mauritania, North Korea, Pakistan, Poland, South Africa, Romania, Russia, Vietnam, Ukraine and Zambia as project manager and director, task manager or site manager. He has particular engineering experience in lignite, coal, iron ore, manganese and phosphate ore.

FLORIAN BEIER, PROJECT MANAGER

Florian Beier is EUR ING and IMC's Senior Project Manager, Mining Engineer and Financial Analyst with 12 years experience in base metals, potash, lignite and coal mining industry. He has gained experience in both underground and surface operations and his expertise lies in mine planning, mine design, technical and economic evaluations and project management of large underground and open pit mining projects. He has been involved in feasibility studies, due diligence, tender evaluation of engineering equipment proposals

and basic/detailed engineering projects working within Europe, Africa, Asia, South America and the CIS region. Florian Beier was former operations engineer for the mine and processing plant of the Clara mine at Sachtleben Bergbau GmbH. He worked as Financial Expert for the DD Report for the MIBRAG Acquisition for the Commerzbank in 2009/2010 and the updates in 2011 and 2013.

STEPHAN PETERS, PRINCIPLE GEOLOGIST

Stephan Peters is IMC's Principle Euro geologist with over 20 years in the mining industry. He specialises in coal and lignite deposits with international experience in mining geology. He has undertaken a number of projects including Geological models, pre-feasibility and feasibility studies working within Asia, Africa and Europe, especially the Balkans.

WILLIBALD STRECK, PRINCIPLE MINING ENGINEER

Willibald Streck is one of IMC-MC's senior mining engineers, specialized in design of open cut mines and equipment selection of surface mines. He was the project manager of the Owner's Consultant several iron ore, lignite and other mines in India, North and South America and Germany, which were equipped with surface mining equipment (SME) units. He also act as advisor in mine design, SME application and monitor and coordinate the tasks of the several work sub-packages including the development plan and production schedule. Since the early 1990ies he is working for the MIBRAG and is very familiar with the operation.

DR. WERNER UNLAND, ENVIRONMENTAL SPECIALIST

Werner Unland is IMC's Project Manager, geologist and senior expert for environmental impact and risk assessments of mine operations and social impact assessments of mine abandonment plans. In more than 30 years he gained wide Project Management and consulting experience through long-term assignments in Canada and Indonesia and numerous short-term assignments in Europe, North America, Australia, Asia and Africa. He has evaluated environmental risks of mine operations, has checked on environmental liabilities and costs and estimated monitoring and remediation work required for conformity with environmental obligations and mine closure plans. Additional to his EIA knowledge he is an appreciated expert in all aspects on mine dewatering and waste dumps.

He worked as environmental expert for the DD Report for the MIBRAG Acquisition for the Commerzbank in 2009/2010 and as Project Manager for the CPR in 2011.