



FIRST QUARTER

2022



Deutsche Rohstoff



Ladies & Gentlemen,

The year 2022 has started well for Deutsche Rohstoff. The oil price has continued to move upwards thanks to restricted global supply coupled with rising demand. Since the end of February, this has been accelerated by the uncertainty caused by the war in Ukraine. At its peak, WTI traded at over 120 USD/barrel in March. At the end of the quarter, it was trading at around 100 USD/barrel. The US gas price Henry Hub also saw a strong upward trend. It traded at USD 3.84/MMBtu at the beginning of the year, but climbed to over USD 7/MMBtu by mid-April.

Consolidated net income for the first quarter was EUR 12.8 million (previous year EUR 11.7 million). We generated revenues of EUR 28.1 million in the first three months (previous year: EUR 17.9 million). EBITDA amounted to EUR 25.2 million (previous year: EUR 21.3 million). In contrast to the previous year, the majority of EBITDA is based on the operating result. Sales of securities contributed EUR 3.4 million, including a partial sale of shares in Northern Oil and Gas. At the end of the quarter, our Northern position still amounted to around 435,000 shares. For the full year, we expect sales to jump year-on-year to EUR 130 to 140 million. EBITDA is also expected to be significantly higher than the previous year (EUR 66.1 million) at EUR 110 to 120 million. As things stand today, we will again close the current year with a clearly positive consolidated result.

The good results are also reflected in the balance sheet as of March 31, 2022. The total of cash and cash equivalents, current receivables, and non-current and current securities reached EUR 77.9 million, compared with EUR 63.5 million at the end of

2021. This key figure reflects the renewed high cash inflow in the first quarter. Accordingly, equity also increased to EUR 95.2 million at the end of the quarter, EUR 15.1 million higher than at year-end 2021, with the equity ratio reaching 32.4 percent compared to 30.2 percent at December 31, 2021.

Cub Creek's important Knight pad has been producing since mid-November. Contrary to the original planning, some work that is usually done after peak production had to be brought forward. For this reason, production did not increase significantly until March. We expect peak production in the 2nd quarter. Net production in the Group in the first quarter was 709,511 barrels of oil equivalent (BOE), or 380,794 barrels of oil (BO).

Our four companies in the U.S. produced an average of 7,883 BOE or 4,231 BO per day in the first quarter. All volume figures represent the Group's net share. We expect a significant increase in daily production in the coming quarters. For the full year, we expect 9,300 to 10,000 BOEPD. The oil price realized after deducting hedging losses (approx. USD 23.63/bbl) and transportation costs (approx. USD 3.70/bbl) was around USD 68.74/bbl.

Cub Creek Energy produced 487,967 BOE (233,567 BO) in the first three months of the year. As expected, the largest share came from Knight wells, which were already producing about 3,500 barrels per day in March.

Elster Oil & Gas produced 75,451 BOE (21,606 BO) through March 31. Production at Elster continues to run very consistently

and is ahead of expectations so far this year.

At **Bright Rock Energy** and **Salt Creek Oil & Gas**, first quarter production totaled 146,093 BOE (125,622 BO). A major contributor to this production was the Buster well drilled last year on the new acreage acquired in Wyoming in 2020. The Buster well produced 611 barrels per day in the first quarter. In total, it has produced 106,201 barrels since production commenced in October 2021.

As we did last year, we partially hedged our expected production. At the end of March, we had hedged 600,000 barrels of oil for the remaining months of April to December at an average price of around USD 64/barrel.

In the first quarter, the hedge book generated a loss of EUR 10.5 million due to the rapid and strong price increase. Hedged were 323,200 barrels, which corresponded to 85 percent of actual production.

The development of oil prices is difficult to predict due to political influences. However, there is much to suggest that prices will remain at a high level. For our base forecast, we are using rather conservative assumptions of an oil price of 85 USD/barrel for the remainder of 2022, 4 USD/MMBtu for gas and an exchange rate of 1.12 EUR/USD.

In February, we had announced a cooperation with Oxy under which we participate in 18 Oxy wells in Wyoming. In the meantime, the first six wells have progressed. We continue to expect

these six wells to start production in the fourth quarter of 2022. For the first time, we plan to drill wells in Wyoming with Cub Creek in the second half of the year. The Cub Creek team is currently making all necessary preparations. Due to the tight situation regarding the availability of drilling equipment and material, there may be delays in these wells.

SHARE AND BONDS

Our stock gained approximately 43 percent in the first quarter. In March, it reached an all-time high of 31 EUR. Compared with U.S. oil stocks, however, our share still shows significant potential. In recent years, we performed significantly better on a regular basis than comparable U.S. equities.

Our bonds are consistently trading above par. At the beginning of February, we were able to place the 19/24 bond to a volume of EUR 100 million. The convertible bond rose above the strike price for the first time in the course of the first quarter. Two bondholders exercised their conversion rights and together received 9,357 new shares.

GOLD AND OIL PORTFOLIO

A smaller contribution was made in the first quarter by our equity portfolio, which contributed EUR 0.9 million to net income. At the end of March, unrealized gains of around EUR 4.0 million were still

on the books. Since the portfolio was launched in April 2020, we have realized gains of EUR 22.1 million in profits.

We are confident about the further development this year. The current year and also the coming year are characterized by strong growth in terms of production, sales and earnings. Our share portfolio should continue to be able to make a positive contribution to earnings. We are pleased to be able to propose an attractive dividend of 60 cents per share again at this year's Annual General Meeting. As in 2019, there is also the option to receive the dividend in the form of shares. We encourage all shareholders to

make use of this option.

With best regards from Mannheim



Thomas Gutschlag
CEO



Jan-Philipp Weitz
CFO



WELLPAD IN WYOMING, USA

CONSOLIDATED BALANCE SHEET (UNAUDITED)

ASSETS	31.03.2022	31.03.2021	31.12.2021
	EUR	EUR	EUR
A. FIXED ASSETS			
I. Intangible assets			
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	30,119,379	21,209,762	28,569,435
2. Goodwill	1,237,533	1,322,855	1,252,075
	31,356,912	22,532,617	29,821,510
II. Property, plant and equipment			
1. Petroleum extraction equipment	147,460,594	109,654,607	143,612,198
2. Exploration and evaluation	2,031,325	4,208,453	5,225,207
3. Plant and machinery	107,396	119,871	111,402
4. Other equipment, furniture and fixtures	87,967	198,685	107,480
5. Advance payments and assets under construction	11,302,723	0	0
	160,990,005	114,181,616	149,056,287
III. Financial assets			
1. Equity investments	14,551,553	16,900,936	14,551,553
2. Loans to other investees and investors	5,224,903	4,712,026	4,781,640
3. Securities classified as fixed assets	11,485,458	13,213,826	13,630,221
	31,261,914	34,826,788	32,963,414
B. CURRENT ASSETS			
I. Inventories			
Finished goods and merchandise	174,500	185,720	174,500
	174,500	185,720	174,500
II. Receivables and other assets			
1. Trade receivables	25,260,936	14,384,799	16,794,783
2. Receivables from other investees and investors	2,374,371	149,002	1,103,287
3. Other assets	8,748,703	7,397,081	8,529,081
	36,384,010	21,930,882	26,427,151
III. Securities classified as current assets	12,765,998	19,459,226	10,791,863
IV. Bank balances	17,246,684	16,236,222	12,699,856
C. PREPAID EXPENSES	1,172,493	1,211,826	892,604
D. DEFERRED TAX ASSETS	2,228,132	1,238,540	2,163,570
TOTAL ASSETS	293,580,648	231,803,437	264,990,755

CONSOLIDATED BALANCE SHEET (UNAUDITED)

EQUITY AND LIABILITIES		31.03.2022	31.03.2021	31.12.2021
		EUR	EUR	EUR
A.	EQUITY			
I.	Subscribed Capital	5,081,747	5,081,747	5,081,747
	./. less nominal value of treasury shares	-127,810	-127,810	-127,810
	Conditional capital EUR 2,200,000 (previous year: EUR 2,200,000)			
II.	Capital reserves	29,999,609	30,066,884	29,999,609
III.	Retained income	0	0	0
IV.	Equity differences from currency translation	5,971,524	-622,749	3,469,855
V.	Consolidated net retained profit	46,176,841	20,523,307	34,299,480
VI.	Non-controlling interests	8,095,162	6,898,907	7,351,182
		95,197,073	61,820,286	80,074,063
B.	PROVISIONS			
1.	Tax provisions	34,000	0	34,028
2.	Other provisions	22,208,922	12,812,545	18,808,319
		22,242,922	12,812,545	18,842,347
C.	LIABILITIES			
1.	Bonds, thereof convertible EUR 10,700,000 (previous year: EUR 10,700,000)	110,700,000	114,419,000	97,761,000
2.	Liabilities to banks	19,696,743	9,637,527	19,630,556
3.	Trade payables	12,930,680	4,251,459	20,764,318
4.	Other liabilities	11,456,596	11,866,932	9,936,605
		154,784,018	140,174,918	148,092,479
D.	DEFERRED INCOME	258,780	0	0
E.	DEFERRED TAX LIABILITIES	21,097,854	16,995,688	17,981,866
	TOTAL EQUITY AND LIABILITIES	293,580,648	231,803,437	264,990,755



CONSOLIDATED **INCOME STATEMENT** (UNAUDITED)

	01.01.–31.03.2022	01.01.–31.03.2021	01.01.–31.12.2021
	EUR	EUR	EUR
1. REVENUE	28,083,115	17,923,970	73,321,380
2. INCREASE OR DECREASE IN FINISHED GOODS AND WORK IN PROCESS		0	-11,219
3. OTHER OPERATING INCOME	4,173,485	9,501,393	22,974,000
4. COST OF MATERIALS	4,698,054	3,444,219	18,106,479
Cost of purchased services	4,698,054	3,444,219	18,106,479
5. PERSONNEL EXPENSES	1,012,521	1,129,578	5,110,449
a) Wages and salaries	953,193	1,074,140	4,862,934
b) Social security, pensions and other benefit costs	59,328	55,438	247,515
– thereof for retirement plans EUR 1,451 (prior year: EUR 1,453)			
6. OTHER OPERATING EXPENSES	1,334,003	1,558,604	7,008,829
EBITDA	25,212,022	21,292,962	66,058,404
7. AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	8,170,123	6,763,636	30,311,477
a) of intangible assets and property, plant and equipment	8,170,123	6,763,636	30,311,477
b) of current assets	0	0	0
8. AMORTIZATION OF FINANCIAL ASSETS AND SECURITIES CLASSIFIED AS CURRENT ASSETS	20,818	203,462	3,157,413
EBIT	17,021,082	14,325,864	32,589,514
9. OTHER INTEREST AND SIMILAR INCOME	199,666	387,466	743,356
10. INTEREST AND SIMILAR EXPENSES	1,679,544	1,676,307	6,276,776
11. INCOME TAXES	2,773,030	1,355,711	698,920
12. EARNINGS AFTER TAXES	12,768,174	11,681,312	26,357,174
13. OTHER TAXES	0	0	10
14. NET LOSS/INCOME FOR THE GROUP FOR THE YEAR	12,768,174	11,681,312	26,357,165
15. PROFIT (-)/LOSS(+) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-890,813	-663,198	-1,562,878
16. PROFIT CARRYFORWARD (+)	34,299,480	9,505,193	9,505,193
17. CONSOLIDATED NET RETAINED PROFIT	46,176,841	20,523,307	34,299,480



CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

IN EUR	01.01.–31.03.2022	01.01.–31.03.2021	2021
NET INCOME FOR THE PERIOD (CONSOLIDATED NET INCOME / LOSS INCLUDING PROFIT SHARES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS)	12,768,174	11,681,312	26,357,165
+/- Write-downs / write-ups of fixed assets	8,170,324	6,763,636	32,805,392
+/- Increase / decrease in provisions	2,995,067	5,057,991	-927,122
+/- Other non-cash expenses / income	-303,864	-104,213	-815,798
-/+ Increase / decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	-9,868,665	-10,761,650	-12,542,148
+/- Increase / decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	-7,575,788	4,497,403	19,449,043
-/+ Proceeds from disposals of intangible assets	-2,534,697	-438,474	-736,312
-/+ Gains / losses from the disposal of fixed assets	-1,072,375	-7,607,290	-18,092,902
+/- Interest expenses / income	1,479,878	1,288,841	5,533,419
+/- Income taxes paid / received	2,773,030	1,355,711	791,643
-/+ Income tax payments	0	0	0
CASHFLOW FROM OPERATING ACTIVITIES	6,831,082	11,733,268	51,822,381
+ Cash received from disposals of intangible assets	0	0	1,632,670
- Cash paid for investments in intangible assets	-1,478,759	-192,359	-10,952,708
+ Proceeds from disposals of intangible assets	0	0	0
- Cash paid for investments in property, plant and equipment	-16,439,900	-2,602,227	-41,875,773
+ Cash received from disposals of fixed financial assets	4,669,277	714,627	1,088,052
- Cash paid for investments in fixed financial assets	-443,262	-5,752	-1,398,085
+ Cash received in connection with short-term financial management of cash investments	4,376,872	18,001,866	47,890,645
- Cash paid in connection with short-term financial management of cash investments	-5,278,632	-14,637,969	-25,983,535
+ Interest received	199,666	387,466	252,989
CASHFLOW FROM INVESTING ACTIVITIES	-14,394,738	1,665,652	-29,345,745
+ Proceeds from contributions to equity by shareholders of the parent company	0	0	0
+ Cash received from equity contributions by other shareholders	88,382	73,232	181,423
- Cash from decrease in equity	-254,272	0	-327,019
+ Cash received from the issue of bonds and from loans	12,939,000	0	19,005,567
- Cash repayments of bonds and loans	0	-4,706,243	-31,728,682
- Interest paid	-637,366	-1,040,485	-6,514,712
- Dividends paid to shareholders of the parent company	0	0	0
- Dividends paid to other shareholders	0	0	-327,847
CASHFLOW FROM FINANCING ACTIVITIES	12,135,744	-5,673,496	-19,711,270
Change in cash and cash equivalents	4,572,088	7,725,423	2,765,366
+/- Changes in cash and cash equivalents due to exchange rates and valuation	284,359	301,281	635,824
+ Cash and cash equivalents at the beginning of the period	11,610,709	8,209,518	8,209,518
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16,467,156	16,236,223	11,610,709

NOTES TO THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED INCOME STATEMENT

The following only lists items where significant changes have been recorded in the current period. Otherwise, reference is made to the statements in the Annual Report 2021.

1. OPERATING RESULTS

REVENUE

Revenues mainly relate to producing wells in the Wattenberg Field in Colorado by Cub Creek Energy and Elster Oil & Gas, in the Powder River Basin in Wyoming by Cub Creek Energy and by Bright Rock Energy as well as interests in producing wells by Bright Rock Energy and Salt Creek Oil & Gas in Utah and North Dakota. Of the revenues (EUR 28.1 million), EUR 21.3 million resulted from oil and EUR 6.8 million from natural gas and natural gas condensates. Production in the first 3 months amounted to 709,511 barrels of oil equivalent (BOE) or 7,883 BOE per day.

Revenues are reported in euros less production tax (EUR 3.4 million) and include realized losses from hedging (EUR 10.5 million).

OTHER OPERATING INCOME

Other operating income mainly consists of income from the sale of securities amounting to EUR 3.4 million, which arose at the level of Deutsche Rohstoff AG. In addition, this item includes currency gains of EUR 0.8 million.

COST OF MATERIAL

As of March 31, expenses for purchased services of EUR 4.7 million are reported, which relate to ongoing production costs, fees for the processing of gas and condensates, maintenance and work

on the producing and new oil wells in the USA. Operating costs thus amount to approximately USD 7.42 (EUR 6.64) per BOE for the period January 1 to March 31.

OTHER OPERATING EXPENSES

Other operating expenses amounted to EUR 1.3 million. The two largest items here are losses on the disposal of marketable securities amounting to EUR 0.3 million and additions to provisions amounting to EUR 0.1 million. The provisions are recognized for the obligation to plug wells at the oil production facilities in the USA.

Other operating expenses consist of other general and administrative expenses, including office leases, legal and consulting fees, and other administrative expenses in the Group. Personnel expenses for all Group companies amounted to EUR 1.0 million.

AMORTIZATION AND DEPRECIATION

Depreciation and amortization amounted to EUR 8.2 million and consisted exclusively of scheduled depreciation.

Depreciation and amortization mainly relate to write-downs of oil production assets in the property, plant and equipment of the subsidiaries Cub Creek Energy, Elster Oil & Gas, Bright Rock Energy and Salt Creek Oil & Gas, which are depreciated according to the barrels of oil equivalent (BOE) produced. For the period January 1 to March 31, 2022, the Group's depreciation rate is EUR 11.52 per barrel of oil equivalent produced.

No impairment losses were recognized in the first quarter of 2022.

Write-downs of financial assets and marketable securities amount

to EUR 21 thousand as of March 31, 2022 and include unrealized price losses on marketable securities as of March 31, 2022.

2. FINANCIAL POSITION AND ASSETS

FIXED ASSETS

Due to the acquisition of acreage of Bright Rock Energy the item Concessions, industrial property rights and similar rights and assets as well as licenses increased by EUR 1.5 million compared to December 31, 2021. As of March 31, 2022, EUR 11.3 million is reported under the item Other equipment and assets under construction. The background for this is the closing of a contract by Salt Creek Oil & Gas with the US oil and gas producer Occidental Petroleum for the participation in 18 wells in the Powder River Basin/Wyoming. Drilling commenced in the first quarter of 2022, with Salt Creek Oil & Gas incurring EUR 11.3 million through March 31, 2022.

Financial assets amount to EUR 31.3 million.

CURRENT ASSETS

Receivables amounting to around EUR 36.4 million comprise, on the one hand, trade receivables of EUR 25.3 million resulting from outstanding oil and gas production sales.

On the other hand, other assets include the receivable from the US tax refund in the amount of USD 7.5 million (EUR 6.9 million), which was received in April.

Cash and cash equivalents and marketable securities totaled EUR 30.0 million at the end of the first quarter.

NOTES TO THE **CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED INCOME STATEMENT**

LIABILITIES AND EQUITY

Equity amounts to EUR 95.2 million as of March 31, 2022. The equity ratio amounts to 32.43%.

The total amount of the bond and the convertible bond is EUR 110.7 million, whereby Deutsche Rohstoff AG placed EUR 13 million of the bond 19/24 in February. The outstanding volume of this bond now amounts to EUR 100 million.

Liabilities to banks amounted to EUR 19.7 million as of March 31, 2022, and consist of the loan Cub Creek Energy entered into with BOKF N.A. to finance ongoing oil and gas drilling operations of EUR 18.9 million (USD 21 million) and current account liabilities of EUR 0.8 million.

Trade payables amount to EUR 12.9 million. Other liabilities amount to EUR 11.5 million. They are related to the outstanding payments for royalties to landowners and the distribution of sales to minor partners as well as the interest liabilities from the bonds. Provisions amount to approximately EUR 22.2 million. They were formed for production taxes and investments of the US subsidiaries.

Trade payables amount to EUR 4.8 million. Other liabilities amount to EUR 8.5 million. They are related to the outstanding payments for royalties to landowners and the distribution of sales to smaller partners as well as the interest liabilities from the bonds. Provisions amount to approximately EUR 21.4 million. They were formed for production taxes and investments of the US subsidiaries.

3. SUBSEQUENT EVENTS

No events after the balance sheet date had a significant impact on the further course of business up to the beginning of May.



OIL TANKS IN WYOMING, USA



DISCLAIMER

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that reflect the management's current views in respect of future developments. Such statements are subject to risks and uncertainties that are beyond the ability of Deutsche Rohstoff AG (DRAG) to control or estimate precisely. Such statements may include future market conditions and economic environment, the behaviour of other market participants, the successful acquisition or sale of group companies or interests and the actions of government bodies. Should any of the above stated risks or other risks and uncertainties occur, or should the assumptions underlying any of these statements prove incorrect, then the actual results may differ significantly from those expressed or implied by such statements. DRAG neither intends nor assumes any obligation to update any forward-looking statements to reflect events or developments that take place after the date of this report.

This English version of the Report is a translation of the original German version; in the event of any deviation, the German version of the Report shall take precedence over the English version.

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