



Deutsche Rohstoff



2023

Ladies and Gentlemen

We are pleased to report that the first quarter of 2023 was a successful one for Deutsche Rohstoff AG. Despite some uncertainties in the global markets, we were able to further strengthen our position and achieve our targets.

SUCCESSFUL START TO 2023

In the first quarter of 2023, we generated consolidated net income of EUR 14.6 million, compared to EUR 12.8 million in the same period of the previous year. Revenues amounted to EUR 42.7 million, compared to EUR 28.1 million in the first quarter of 2022, and EBITDA was EUR 32.3 million, compared to EUR 25.3 million in the same period last year. Our operating results testify to a strong performance, while securities sales contributed EUR 1.5 million (previous year EUR 3.4 million). With these figures, we have taken the first important step towards meeting our guidance and continue to expect revenues of EUR 150 to 170 million, EBITDA of EUR 115 to 130 million and a clearly positive net result for the full year 2023.

Our balance sheet as of 31 March 2023 shows solid and further strengthened liquidity, with cash and marketable securities totaling EUR 55.6 million. Equity increased to EUR 144.8 million. The equity ratio exceeded 40 percent for the first time since 2015.

We were also able to reduce our liabilities again following the sharp decline in 2022. The convertible bond with a remaining volume of EUR 9.8 million was repaid as planned at the end of March. In the US subsidiaries, loans under existing credit lines

increased from EUR 0 million to EUR 5 million. In the course of the year, the credit lines will probably be drawn down more to finance investment peaks in the completion of larger well pads. In response to the volatile oil price development, we have further hedged our expected production. We have currently hedged 655,000 barrels of oil for the remaining months of May to December 2023 at an average price of USD 75.50/barrel. For the remainder of the year, this represents a hedge ratio of around 40%.

STRONG PRODUCTION IN THE FIRST QUARTER

Total Group production in the first quarter was 976,832 barrels of oil equivalent (BOE) or 477,191 barrels of oil (BO). Our companies in the U.S. achieved average daily production of 10,854 BOE and 5,302 BO, respectively. For the full year 2023, we expect daily production of 11,000 to 12,000 BOEPD, a new record level. Production will also continue to increase in 2024 based on current planning.

We have comprehensive plans in 2023 and 2024. We will invest around EUR 200 million in new wells and further expand our operating base. We were already able to implement this development as planned in all US subsidiaries in the first quarter.

1876 Resources (formerly Cub Creek Energy) is completing three wells at the Lost Springs well pad in the second quarter. A drilling program with an anticipated additional eight wells will commence in the second half of the year. 1876 Resources

has laid an important foundation for this major development program in recent weeks. For the first time, a US subsidiary has acquired a „midstream“ asset, meaning a pipeline infrastructure with a length of 59.3 km as well as technical facilities and tank farms, for a comprehensive and efficient acreage development. The purchase price amounted to approximately USD 14 million and is financed not only in the form of cost savings for 1876 Resources, but also through its own revenue contribution from transportation revenues for neighboring gas producers.

Under Salt Creek's Oxy JV, „completion“ work was started on the Huckleberry well pad in the first quarter. This well pad with 10 wells will commence production in the second quarter and contribute significant production volumes, particularly from the third quarter of 2023. The cooperation with Oxy in Wyoming to date is showing initial success: the first six wells have now been producing for around half a year and are overall in line with expectations or even exceeded them in the first quarter. In other words, they produced better than the reserves report suggested.

At Elster Oil & Gas and Bright Rock Energy, production in recent months was also in line with expectations. Together, the companies contributed about 9% to production.

CUB CREEK IS NOW CALLED 1876 RESOURCES

The name 1876 Resources may sound unfamiliar to some long-time readers, but it refers to our subsidiary in Denver,



USA, which was previously known as Cub Creek Energy. After acquiring the shares of some of the co-founders last year and the transfer of leadership to Tim Sulser - together with old and new members of the management teams - including new additions to the team since summer 2022, the time had come to rename the company as well. The headquarters, the place of foundation and the base of production created in the last 8 years from over 60 wells are located in Colorado. The future of the development currently lies in the Powder River Basin in Wyoming. 1876 in the name, however, preserves the reference to the beginnings, because 1876 is the year in which the State of Colorado was admitted to the Union of the „United States of America“ as the 38th state.

OPPORTUNITIES IN THE METAL SECTOR

There has also been some activity in the metals sector. In January we were able to publish further details of our activities in Australia. As part of our EXAI JV with the Australian partner SensOre, we will target the exploration of lithium in the state of Western Australia. The goal is to identify a lithium deposit. To date, we have selected five projects using SensOre software and subsequently licensed or entered into „earn-in“ agreements with the owners. The focus is on projects at an early stage of exploration. Therefore, uncertainty is still high and after low initial investments, we will decide which projects will be further pursued and which do not have sufficient prospectivity.

Our investment Almonty Industries recently reported on the construction progress of the South Korean Sangdong Mine. Delivery of equipment for the processing plant is almost complete and surface work for the construction of the buildings' foundations has begun. Construction is progressing and production is scheduled to start in 2024.

DIVIDEND PROPOSAL MORE THAN DOUBLED

In the first quarter of 2023, our share price moved sideways, rising by just 2 percent to EUR 25.50. After the reporting date, it increased and most recently traded at around EUR 28. Our bond 19/24 with a volume of EUR 100 million continues to trade above par. Despite the continuing political uncertainties and the difficulty in predicting oil price developments, we are optimistic about further developments in 2023 and expect our strong growth in production, revenue and earnings to continue. We have also been able to report this to institutional investors at various roadshows and investor conferences in Hamburg, Vienna and Munich in recent months. At the Annual General Meeting, we will propose to shareholders a dividend of EUR 1.30 per share. The dividend more than doubled compared to the previous year. With this proposal, we want shareholders to participate appropriately in the very good fiscal year 2022 without losing sight of our high financing requirements.

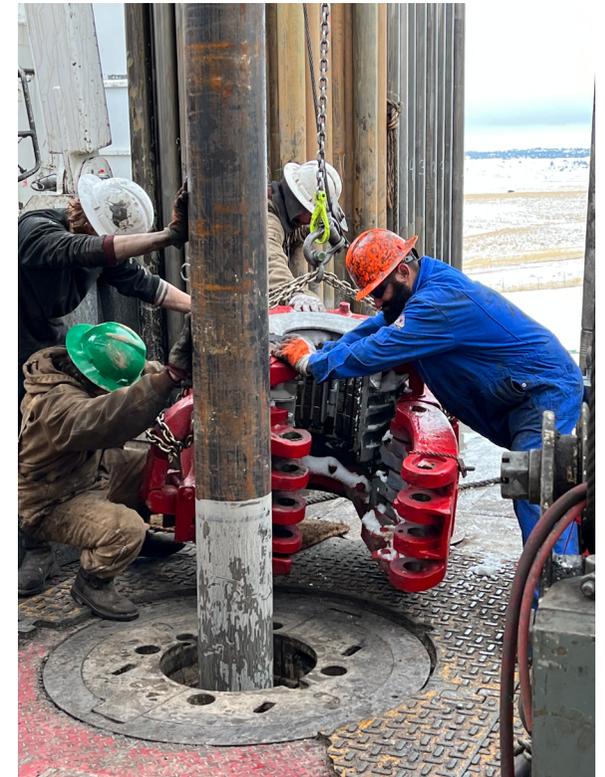
We thank you for your confidence in Deutsche Rohstoff AG and are proud to work with you on a successful future for our company. Your support is of great value to us.

With best regards from Mannheim



Jan-Philipp Weitz
CEO

Henning Döring
CFO

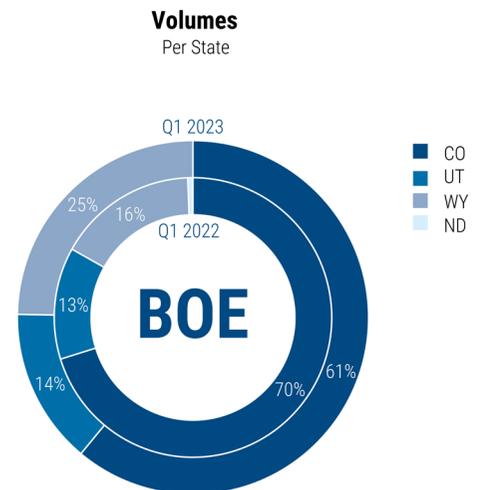
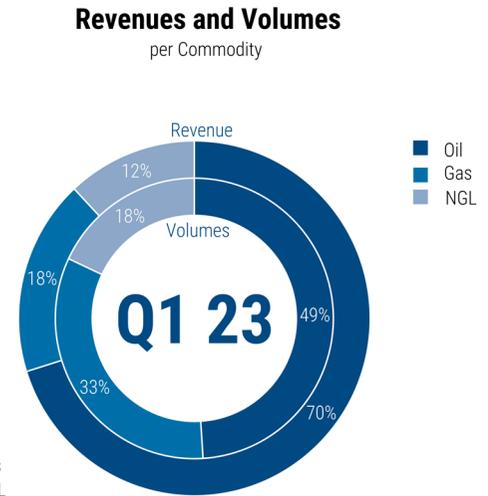
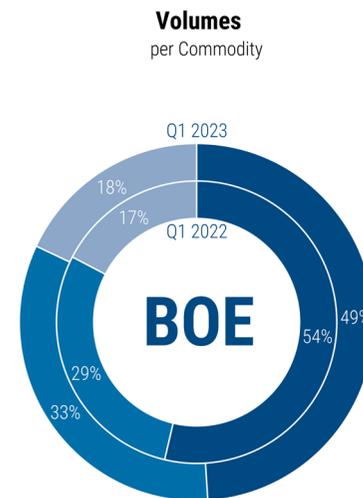


DRILLING OPERATIONS AT 1876 RESOURCES' LOST SPRINGS PAD



	01.01.–31.03.2023	01.01.–31.03.2022
REVENUES (IN 1,000 EUR)		
OIL REVENUES	32,740	31,326
GAS REVENUES	8,452	5,201
NGL REVENUES	5,512	5,565
PRODUCTION TAX	-3,965	-3,483
PROFIT(+)/LOSS(-) FROM HEDGING	-57	-10,526
TOTAL REVENUE	42,682	28,083
TOTAL REVENUE (IN 1,000 USD)	45,817	31,361
VOLUMES		
OIL (BBL)	477,191	380,794
GAS (MCF)	1,956,603	1,233,453
NGLS (BBL)	173,541	123,141
BOE	976,832	709,511
BOEPD	10,854	7,883
OIL (IN USD/BBL)		
AVERAGE WTI PRICE	75.93	96.06
REALIZED PRICE BEFORE HEDGES	73.36	92.38
PROFIT(+)/LOSS(-) FROM HEDGING	1.26	-23.63
REALIZED PRICE AFTER HEDGES	74.62	68.74
GAS (IN USD/MMBTU)		
AVERAGE HENRY HUB PRICE	2.64	4.66
REALIZED PRICE BEFORE HEDGES	4.56	4.88
PROFIT(+)/LOSS(-) FROM HEDGING ¹	-0.34	-2.23
REALIZED PRICE AFTER HEDGES	4.22	2.64
OPEX (USD/BOE)	9.17	7.42
DEPLETION (USD/BOE)	12.69	12.69

¹ Derivatives are typically based on a local trading hub and not on HenryHub (e.g. CIG)



GROUP BALANCE SHEET (UNAUDITED)

ASSETS	31.03.2023	31.03.2022	31.12.2022
	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	31,466,553	30,119,379	32,489,161
2. Goodwill	1,100,251	1,237,533	1,163,358
3. Advanced payments	532,130	0	276,963
	33,098,933	31,356,912	33,929,482
II. Property, plant and equipment			
1. Petroleum extraction equipment	154,369,794	147,460,594	161,897,405
2. Exploration and evaluation	38,230,804	2,031,325	30,357,464
3. Plant and machinery	697,025	107,396	276,051
4. Other equipment, furniture and fixtures	139,855	87,967	108,922
5. Advance payments and assets under construction	20,627,819	11,302,723	0
	214,065,296	160,990,005	192,639,842
III. Financial assets			
1. Equity investments	15,468,421,83	14,551,553	15,406,652
2. Loans to other investees and investors	6,488,973	5,224,903	6,488,973
3. Securities classified as fixed assets	11,693,814	11,485,458	12,047,919
	33,651,209	31,261,914	33,943,544
B. CURRENT ASSETS			
I. Inventories			
Finished goods and merchandise	129,865	174,500	129,865
	129,865	174,500	129,865
II. Receivables and other assets			
1. Trade receivables	17,258,501	25,260,936	28,649,496
2. Receivables from other investees and investors	148,762	2,374,371	83,157
3. Other assets	4,035,974	8,748,703	4,884,252
	21,443,237	36,384,010	33,616,904
III. Securities classified as current assets	7,533,940	12,765,998	6,716,587
IV. Bank balances	48,024,262	17,246,684	47,479,228
C. PREPAID EXPENSES	1,461,487	1,172,493	862,904
D. DEFERRED TAX ASSETS	1,054,544	2,228,132	1,008,133
TOTAL ASSETS	360,462,772	293,580,648	350,326,490



GROUP INCOME STATEMENT (UNAUDITED)

	01.01.–31.03.2023	01.01.–31.03.2022	01.01.–31.12.2022
	EUR	EUR	EUR
1. REVENUE	42,681,671	28,083,115	165,439,266
2. INCREASE OR DECREASE IN FINISHED GOODS AND WORK IN PROCESS	0	0	-44,635
3. OTHER OPERATING INCOME	2,273,049	4,173,485	25,855,321
4. COST OF MATERIALS	8,345,000	4,698,054	30,443,435
Cost of purchased services	8,345,000	4,698,054	30,443,435
5. PERSONNEL EXPENSES	1,276,207	1,012,521	6,458,333
a) Wages and salaries	1,198,516	953,193	6,104,252
b) Social security, pensions and other benefit costs	77,691	59,328	354,081
6. OTHER OPERATING EXPENSES	3,036,188	1,334,003	15,260,516
EBITDA	32,297,325	25,212,022	139,087,668
7. AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	11,664,780	8,170,123	42,167,564
a) of intangible assets and property, plant and equipment	11,664,780	8,170,123	41,796,800
b) of current assets	0	0	370,764
8. AMORTIZATION OF FINANCIAL ASSETS AND SECURITIES CLASSIFIED AS CURRENT ASSETS	28,367	20,818	5,488,660
EBIT	20,604,178	17,021,082	91,431,444
9. OTHER INTEREST AND SIMILAR INCOME	270,412	199,666	1,384,502
10. INTEREST AND SIMILAR EXPENSES	1,711,292	1,679,544	6,877,926
11. INCOME TAXES	4,558,312	2,773,030	19,752,414
12. EARNINGS AFTER TAXES	14,604,986	12,768,174	66,185,605
13. OTHER TAXES	0	0	0
14. NET INCOME	14,604,986	12,768,174	66,185,605
15. PROFIT (-) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-298,965	-890,813	-5,419,614
16. PROFIT CARRYFORWARD	84,174,402	34,299,480	23,408,411
17. CONSOLIDATED NET RETAINED PROFIT	98,480,423	46,176,841	84,174,402



GROUP CASH FLOW STATEMENT (UNAUDITED)

IN EUR	01.01.–31.03.2023	01.01.–31.03.2022	01.01.–31.12.2022
NET INCOME FOR THE PERIOD (CONSOLIDATED NET INCOME / LOSS INCLUDING PROFIT SHARES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS)	14,604,986	12,768,174	66,185,605
+/- Write-downs / write-ups of fixed assets	11,664,780	8,170,324	39,790,250
+/- Increase / decrease in provisions	785,230	2,995,067	18,882,262
+/- Other non-cash expenses / income	486,465	-303,864	267,630
-/+ Increase / decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	11,301,985	-9,868,665	-6,679,737
+/- Increase / decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	-203,945	-7,575,788	9,206,488
-/+ Proceeds from disposals of intangible assets	-238,784	-2,534,697	-10,145,012
-/+ Gains / losses from the disposal of fixed assets	-1,091,460	-1,072,375	1,868,384
+/- Interest expenses / income	1,440,880	1,479,878	5,493,424
+/- Income taxes paid / received	4,106,723	2,773,030	17,862,778
-/+ Income tax payments	0	0	0
CASHFLOW FROM OPERATING ACTIVITIES	42,856,860	6,831,082	142,732,073
+ Cash received from disposals of intangible assets	0	0	0
- Cash paid for investments in intangible assets	0	-1,478,759	-6,034,493
+ Proceeds from disposals of intangible assets	0	0	6,490,002
- Cash paid for investments in property, plant and equipment	-38,493,780	-16,439,900	-82,915,052
+ Cash received from disposals of fixed financial assets	592,889	4,669,277	11,326,932
- Cash paid for investments in fixed financial assets	-61,770	-443,262	-3,720,994
+ Cash received in connection with short-term financial management of cash investments	3,962,936	4,376,872	18,426,899
- Cash paid in connection with short-term financial management of cash investments	-3,688,829	-5,278,632	-16,368,259
+ Interest received	25,156	199,666	630,721
+ Dividends received	83,384	0	0
CASHFLOW FROM INVESTING ACTIVITIES	-37,580,013	-14,394,738	-72,164,244
+ Proceeds from contributions to equity by shareholders of the parent company	0	0	97,800
+ Cash received from equity contributions by other shareholders	1,340,082	88,382	88,382
- Cash from decrease in equity	0	-254,272	-16,358,904
+ Cash received from the issue of bonds and from loans	5,043,983	12,939,000	21,334,379
- Cash repayments of bonds and loans	-9,805,000	0	-29,438,977
- Interest paid	-640,547	-637,366	-6,725,238
- Dividends paid to shareholders of the parent company	0	0	-2,665,791
- Dividends paid to other shareholders	0	0	-1,063,318
CASHFLOW FROM FINANCING ACTIVITIES	-4,061,482	12,135,744	-34,731,666
Change in cash and cash equivalents	1,215,364	4,572,088	35,836,159
+ / - Changes in cash and cash equivalents due to exchange rates and valuation	-593,234	284,359	-44,738
+ Cash and cash equivalents at the beginning of the period	47,402,131	11,610,709	11,610,709
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	48,024,262	16,467,156	47,402,131



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

In the following, only items for which significant changes are to be recorded in the current period are listed. Otherwise, please refer to the comments in the Annual Report 2022.

1. OPERATING RESULTS

REVENUE

Revenues primarily relate to wells drilled in the Denver-Julesberg Basin in Colorado by 1876 Resources (formerly Cub Creek Energy) and Elster Oil & Gas and in the Powder River Basin in Wyoming by Salt Creek Oil & Gas, 1876 Resources and Bright Rock Energy, as well as interests in wells drilled by Salt Creek Oil & Gas in the Uinta Basin in Utah. Revenues of EUR 42.7 million (previous year: EUR 28.1 million) are attributable to the individual subsidiaries as follows:

1876 Resources:	EUR 24.0 million
Elster Oil & Gas:	EUR 1.9 million
Salt Creek Oil & Gas:	EUR 15.0 million
Bright Rock Energy:	EUR 1.8 million

Production in the first 3 months amounted to 976,832 barrels of oil equivalent (BOE) or 10,854 BOE per day.

Revenues are stated in Euro less production tax (EUR 4.0 million) and include realized losses from hedging transactions (EUR 0.1 million).

OTHER OPERATING INCOME

Other operating income of EUR 2.3 million (previous year: EUR 4.2 million) mainly consists of income from the sale of securities amounting to EUR 1.5 million (previous year: EUR 3.4 million), which arose at the level of Deutsche Rohstoff AG.

This item also includes gains from the sale of Northern Oil & Gas shares amounting to EUR 0.2 million. In addition, this item also includes foreign exchange gains of EUR 0.4 million (previous year: EUR 0.8 million).

COST OF MATERIALS

As of 31 March, expenses for services rendered amounting to EUR 8.3 million (previous year: EUR 4.7 million) are reported, which relate to current production costs, fees for processing gas and condensates, maintenance and work on the producing and new oil wells in the USA. Operating costs thus amount to approximately USD 9.17 (EUR 8.54) per BOE for the period 1 January to 31 March. In the previous year, these amounted to USD 7.42 (EUR 6.62) per BOE.

OTHER OPERATING EXPENSES

Other operating expenses amounted to EUR 3.0 million (previous year: EUR 1.3 million). The largest items here are currency losses of EUR 0.9 million (previous year: EUR 0 million), legal and consulting fees of EUR 0.4 million (previous year: EUR 0.2 million) and allocations for provisions of EUR 0.3 million. The provisions are recognized for the obligation to backfill wells at the oil production facilities in the USA. The currency losses are primarily unrealized currency losses incurred in connection with the reporting date valuation of bank accounts held in USD at the level of Deutsche Rohstoff AG.

Other operating expenses consist of other general and administrative expenses including office space costs in the amount of EUR 0.4 million, losses from the sale of marketable securities in the amount of EUR 0.3 million, exploration expenses and license work in the amount of EUR 0.2 million as well as

other administrative expenses in the Group. Personnel expenses of all Group companies amount to EUR 1.3 million.

AMORTIZATIONS

Amortization and depreciation amounted to EUR 11.7 million (previous year: EUR 8.2 million) and consisted exclusively of scheduled depreciation and amortization.

Depreciation and amortization mainly relate to write-downs of oil production assets in the property, plant and equipment of the subsidiaries 1876 Resources, Elster Oil & Gas, Bright Rock Energy and Salt Creek Oil & Gas, which are amortized in accordance with the barrels of oil equivalent (BOE) produced. For the period 1 January to 31 March 2023, the Group's depreciation rate is USD 12.69 (EUR 11.94) per barrel of oil equivalent produced. In the same period of the previous year from 1 January to 31 March 2022, these figures amounted to USD 12.69 (EUR 11.52).

No impairment losses were recognized in the first quarter of 2023.

Amortization of financial assets and marketable securities amounted to EUR 0.03 million as of 31 March 2023 and includes unrealized price losses of marketable securities as of 31 March 2023.



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

2. FINANCIAL POSITION AND NET ASSETS

FIXED ASSETS

As of 31 March 2023, EUR 20.6 million (31 Dec. 2022: EUR 0 million) is reported under the item Advance payments and assets under construction. This item includes the further payments made by Salt Creek Oil & Gas in connection with the joint venture with the US oil and gas producer Occidental for participation in 15 wells in the Powder River Basin/Wyoming.

Financial assets amount to EUR 33.7 million.

CURRENT ASSETS

Receivables of approximately EUR 21.4 million (31 Dec. 2022: EUR 33.6 million) are largely composed of trade receivables of EUR 17.3 million (31 Dec. 2022: EUR 28.6 million) resulting from outstanding revenues from oil and gas production.

Cash and marketable securities totaled EUR 55.6 million at the end of the first quarter (31 Dec. 2022: EUR 54.2 million).

LIABILITIES & EQUITY

Equity amounts to EUR 144.8 million as of 31 March 2023 (31 Dec 2022: EUR 132.4 million). The equity ratio amounts to 40.2% (31 Dec 2022: 37.8%). Compared to 31 December 2022, the share capital increased by EUR 357.00 to EUR 5,003,438.00. This increase results from conversions in connection with the convertible bond 2018/23 and the related share issue at EUR 28.00/share. The additional paid-in capital increased by EUR 9,643 compared to 31 December 2022 and is also based on the conversions in connection with the convertible bond 2018/23.

The item „Equity differences from currency conversion“ mainly includes the currency conversion differences of the asset and liability items of the financial statements prepared in US Dollars as of the reporting date and the currency conversion of the income statements prepared in US Dollars at the average exchange rate. Due to the lower US Dollar exchange rate, the item decreased by EUR 3.5 million compared with 31 December 2022, so that it now amounts to EUR 5.0 million as of 31 March 2023.

The total amount of the bond is EUR 100.0 million, with Deutsche Rohstoff AG having repaid the convertible bond with a remaining volume of EUR 9.8 million on schedule in March 2023. The remaining, non-convertible and matured bond has a term until 6 December 2024 and bears interest at 5.25%.

Bank loans payable amounted to EUR 5.0 million (USD 5.4 million) as of 31 March 2023 and consist of the loan Salt Creek Oil & Gas entered into with BOKF N.A. to finance oil and gas drilling in the joint venture with Occidental. Trade paya-

bles as of 31 March 2023 amount to EUR 11.8 million. Other liabilities amount to EUR 28.4 million. They are related to the outstanding payments for royalties to landowners and the distribution of revenue to minor partners as well as the interest liabilities from the bond. Provisions amount to approximately EUR 31.3 million. They were formed for production taxes and investments of the US subsidiaries.

3. SUBSEQUENT EVENTS

1876 Resources signed a purchase agreement in early May to acquire the existing pipeline infrastructure on its acreage in the Powder River Basin in Wyoming. This will take over approximately 59.3 kilometers of pipeline, storage tanks and technical facilities.



EXAI'S GECKO NORTH
EXPLORATION PROJECT,
AUSTRALIA



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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