



Press release

December 2013

## Deutsche Rohstoff: Corporate Update

**Heidelberg.** Approaching the end of 2013, Deutsche Rohstoff (DRAG) gives an overview of the key developments within the company and its subsidiaries :

### Deutsche Rohstoff AG/Group

The Management had set four targets for DRAG and the group for 2013/2014 (please see Group Management Report, Annual Report 2012):

- **Secure financing and performing Tekton Energy's horizontal drilling program:** With the successful bond placement in the summer, DRAG succeeded in funding the extensive horizontal drilling program in the U.S. on acceptable terms and without dilution of existing shareholders. The management considers this a significant success.
- **Acquiring additional acreage in the Wattenberg field or other prospective sites in the U.S.:** Tekton now owns over 7,000 acres within the Wattenberg field. This represents a significant increase in comparison to the original position of approximately 2,000 acres. The acquisition of land is currently ongoing.
- **Profitable tungsten production and extension of the life of mine:** Wolfram Camp recently announced the start of commercial production and documented enough resources to extend the life of mine to approximately 10 years. Although the ramp up phase of the mine took longer than expected, the management is satisfied with the achieved status and is convinced that the mine is a strategically attractive asset.
- **Secure financing of Tin International and Seltenerden Storkwitz:** The planned IPO of Tin International has not yet been achieved. Market conditions in the junior exploration sector are still very difficult worldwide. The company itself holds sufficient funds at present. Further funding remains a task which the management of DRAG promotes insistently. The same applies to Seltenerden Storkwitz, the initially planned IPO was postponed for operational reasons (please see below).

In 2014 the continued drilling program of Tekton Energy and the growth of tungsten production will be the main focus of DRAG. Payment of a dividend for 2013 is planned. Investment in new projects is being considered, particularly in the oil and gas sector. Although the current market environment for young commodity companies is still very difficult, the solid financial situation of DRAG represents a key factor for success and a



competitive advantage.

Within the individual divisions/subsidiaries the following was achieved until the end of 2013:

### **Oil and Gas**

#### **Tekton Energy LLC (Share Deutsche Rohstoff: 73%)**

Tekton started production from five new wells from the Pavistma Pad on November 26th. All wells produced oil within the first two days. Afterwards the wells had to be shut down for approximately 10 days due to the unusually cold weather in Colorado with temperatures below minus 20 degrees Celsius, since the water flowing back began to freeze. The already producing horizontal and vertical wells were not affected because they hardly produce water. At the beginning of this week, production of the wells continued. Due to the interruption the initial production rates for the first 30 days (IP 30) will be announced in middle January 2014.

The three wells that were drilled from the Frye Farms pad are now completed. They will probably commence production in mid-January. The second drilling rig is going to start drilling from the Diamond Valley East pad in the coming week.

The first drilling rig has returned to the Pavistma pad, where it is drilling two more wells with extended horizontal reach of 2 miles (about 3.2 kilometers) since early December. Tekton uses these so-called "Extended reach lateral"-wells (ERL-wells) for the first time to test their economic benefit. They are supposed to generate production similar to two horizontal wells at a lower cost than two individual wells with normal length (one mile). Tektons working interest in the wells is above 90%.

Over the past weeks, Tekton successfully acquired additional acreage. Overall, the company now holds about 7,000 acres (about 28 square kilometers). The majority of the additional land is located in the north of Windsor, adjacent to the existing areas.

### **Oil and Gas**

#### **Rhein Petroleum GmbH (Share Deutsche Rohstoff: 10%)**

Rhein Petroleum is in the process of finishing the ongoing drilling of its second well in Hesse ("Allmend 1"). An estimate of profitability as part of a production test for Allmend 1 and their already completed well "Stockstadt" is planned for February. Further wells in Hesse, Baden-Wuerttemberg and Bavaria are planned.



### **Tungsten and Molybdenum**

#### **Wolfram Camp Mining Pty Ltd and Tropical Metals Pty Ltd (Share Deutsche Rohstoff: each 100%)**

Wolfram Camp announced the start of commercial production in the beginning of November; this means that the management expects to be able to produce positive operating results from that date. In recent weeks the production was stable. For the coming year further improvements of the processing plant are planned and a further increase in production is anticipated.

The relevant price for tungsten APT in Europe ranged between USD 380/mtu and USD 400/mtu over the past months. Currently, many market observers expect the price to rise due to the expected economic recovery in Europe early next year.

### **Tin**

#### **Tin International Ltd (Share Deutsche Rohstoff: 60%)**

In 2014 Tin International (TI) and its operating subsidiary Sachsenzinn GmbH (SZ) plan to primarily develop the license area Sadisdorf, which was granted in February 2013.

The company is adequately funded from past capital increases. The exploration work will continue in Sadisdorf. To establish unhindered access to the historic mine refurbishments are currently planned in the old tunnels. This project has already been approved by the Saxon Mining Authorities (Sächsisches Oberbergamt). Subsequently, decisions about the scope of underground mining exploration work will be made. Further exploration activities for Gottesberg and Geyer will continue, but a drilling program for these sites is not planned for 2014.

### **Rare Earth Elements**

#### **Seltenerden Storkwitz AG (Share Deutsche Rohstoff: 50%)**

Seltenerden Storkwitz (SES) has established a very promising additional business division over the past months. It aims at the treatment of mineral dumps, that have arisen in the context of industrial production processes at various locations in Europe over past decades. According to the current level of knowledge some of the dumps contain mineable grades of rare earth with significant tonnage in place.

Samples were taken, analyzed and processed. SES was able to identify multiple dumps for which an economic recovery and a beneficiation of rare earth at comparatively low investment and cost seems possible. Based on the results the management of SES is optimistic to enter marketing activities of a high-quality mixed oxide in the medium term. The company is currently working on various cooperation agreements with well known partners which will be involved in developing various aspects of the project. A feasibility study based on a resource according to the Australian JORC standard is planned for early 2015.



The Storkwitz deposit, for which SES received a resource estimate according to the JORC standard in 2012, will also be further developed, but currently at a reduced speed. The planned further drilling, which was supposed to explore the ore body to greater depths, will be postponed on behalf of the fast development of the new project. The same applies to the IPO, which proceeds were primarily intended to finance the drill work.

### **Lead/Zinc/Silver**

#### **Devonian Metals Inc (Share Deutsche Rohstoff: 47%)**

No exploration took place this year in our Wrigley-Project, where Devonian is involved together with Glencore-Xstrata. The existing permits will be maintained. A joint sale of the project has not yet been decided; therefore Devonian now plans to sell its own share.

### **Management Update**

The Supervisory Board of Deutsche Rohstoff AG has renewed the expiring appointments of the management Dr. Titus Gebel and Dr. Thomas Gutschlag. The appointment of Dr. Thomas Gutschlag to the Management Board was extended by the statutory maximum term of five years up to 31.12.2018.

Dr. Titus Gebel was appointed to the Management Board for another year up to 31.12.2014. After that, he will lay down his management position at DRAG for personal reasons and at his own request and will only be available in advisory capacity and within the supervisory bodies of the subsidiaries. After he has retired from the Management Board, Dr. Gutschlag will take over the role of CEO. The Supervisory Board will decide on appointing another member to the management over the course of next year.

Heidelberg, 20 December 2013

**Deutsche Rohstoff** (Heidelberg, Germany), listed in the Entry Standard segment of Frankfurt Stock Exchange, is establishing a new primary producer. The company's focus is placed on oil & gas and so called high tech metals such as tin, tungsten, and rare earth metals. All projects are located in political stable countries with high environmental standards. The business concept is based on redeveloping deposits, which have been well explored in the past. For more information please visit [www.rohstoff.de](http://www.rohstoff.de).



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