



Press release

March 2014

Deutsche Rohstoff: Tekton signs contract for sale of Windsor-Project for USD 200 million

Option for additional USD 60 million / New US-oil project in preparation

Heidelberg/Denver. Tekton Windsor LLC, 100% subsidiary of Tekton Energy, signed a contract today, in which the company sells its main assets of the Windsor project in and around Windsor/Colorado. The final validity of the contract is still subject to Due Diligence by the purchaser, which must be completed by 30th May 2014 at the latest (Closing). The parties have agreed that the buyer will not be mentioned by name yet. The sales price amounts to USD 200 million in cash. Of this, the buyer has already paid a creditable but non-repayable retainer fee in the amount of USD 18 million into an escrow account. Tekton will receive this amount even in the event of withdrawal from the contract by the buyer.

Besides some minor assets, Tekton will retain key tracts of acreage, which the management of Tekton rates as highly prospective. The buyer has preemption for this area, which however, has to be exerted before the commencement of the intended drilling program in this area. Should the buyer make use of its preemption, Tekton will receive further USD 60 million.

In addition, the parties have agreed that the purchase will apply with an effective date of 1 January 2014. This means that the buyer will refund all expenditures incurred from 1 January, and in return receives all the proceeds from that date. Since most horizontal wells were drilled in the aftermath of 1 January and have been producing for a few weeks, this means additional net cash flow for Tekton in a double-digit million range.

Over the last year, Tekton's Management already identified and evaluated an appropriate follow-up project in the US. Since the beginning of 2014, contract negotiations for acreage acquisitions were initialized.

Titus Gebel, CEO of Deutsche Rohstoff AG, commented: "We assume that the contract will be completed effectively. Therewith, the Windsor project would have reached a gratifying early and highly profitable financial completion. The experienced team of Tekton is ready to repeat this success with a new project. "

Thomas Gutschlag, CFO, adds: "This sale brings a high profit and ensures an early redemption of our bond. The sale proceeds also give us significant financial flexibility in the development of further oil and gas projects in the United States."

Deutsche Rohstoff's share in Tekton stands at 72.15%. Tekton's ongoing operations are financed with loans from Deutsche Rohstoff. Total receivables against Tekton currently



amount to USD 30 million. These loans have to be returned first. The remaining proceeds from the sale plus Tekton's other available cash can then be distributed to shareholders according to their stake in the company. Deutsche Rohstoff has in addition to the loan invested another USD 30 million as equity into Tekton.

Meanwhile, the drilling program of Tekton is progressing as planned in agreement with the buyer. Five additional horizontal wells, two with extended horizontal reach, will go into production within the next few days. Nine further holes are drilling and will be connected within the next eight to ten weeks.

Tudor, Pickering, Holt & Co. acted as exclusive financial advisors to Tekton Energy, LLC, and Davis, Graham & Stubbs LLP served as legal advisors for the transaction.

Heidelberg, 4 March 2014

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.

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