



Press release

June, 2014

Deutsche Rohstoff AG: New focus after closing of Tekton transaction Divestment of Wolfram Camp planned/Group financial accounts online

Heidelberg. After the final closing of divestments of the major assets of Tekton Energy last week Deutsche Rohstoff plans to realign its current activities. In the near future the focus of investments will be on the development of US oil & gas assets. The management of Deutsche Rohstoff is convinced of the good opportunities for very profitable investments with a short payback period for invested capital. The sale of the Windsor project generated a return on equity before tax of 365% within just three years. Cash and cash equivalents in the group after the sale amount to EUR 135 million. In the course of the realignment of activities the management has also decided to sell the Wolfram Camp mine. For some weeks Deutsche Rohstoff has been in negotiations with an interested party which may lead to a near term transaction.

Revenues in 2013 increased to EUR 17.8 million (previous year EUR 3.1 million). Tekton Energy contributed to revenues with EUR 9.0, Wolfram Camp with EUR 8.6 million. Earnings before tax, interest and depreciation (EBITDA) adjusted for the cost of issuing the corporate bond (EUR 2.0 million) was EUR 3.9 million (previous year EUR 2.3 million). For the assets of Wolfram Camp and respectively Tropical Metals the company accounted for an extraordinary impairment in 2013 of EUR 4.4 million in the group accounts and EUR 10 million in the in the accounts of Deutsche Rohstoff AG as a parent. The main reason for the impairment is that due to the experiences with mining and processing as well as highly volatile tungsten prices and exchange rates the expected future cash flows are below previously targeted levels. Furthermore a sale below book value may not be avoided. Due to the planned depreciation and the impairment amounting to EUR 7.3 million net income for the group resulted in EUR -7.65 million (previous year EUR 2.3 million).

The balance sheet sum grew to EUR 131.5 million (previous year 63.4 million). Non-current assets, which primarily reflect investments in Tekton Energy and Wolfram Camp, grew to EUR 70.4 million and therefore accounts for 54 % of the balance sheet total. Cash at year's end amounted to EUR 39.8 million. Due to the negative net income and the adjustment of currency losses equity capital was reduced to EUR 38.9 million (previous year EUR 48.9 million).

The impairment of Wolfram Camp and the one time cost of issuing a corporate bond caused Deutsche Rohstoff AG as a parent to obtain a net loss for the year of EUR -12.1 million (previous year gain of EUR 3.8 million). Due to the net loss the company has no distributable capital reserves and in accordance with German commercial law and Stock Corporation Act will therefore not be able to distribute a dividend payment to shareholders other than originally planned despite very high liquidity. Instead the



management of Deutsche Rohstoff plans to establish a share buyback program during the course of the year.

The group accounts of Deutsche Rohstoff, including the group management report can be downloaded on the company's website (in German). The German Annual Report 2013 and individual financial statements of Deutsche Rohstoff AG will be published by Friday.

Deutsche Rohstoff furthermore announced the foundation of an additional subsidiary specialized in the development of US oil & gas assets- Cub Creek Energy, LLC, also located in Denver. Co-founders of Cub Creek Energy are Tekton's current Vice President of Engineering, Robert Gardner, and the Vice President Land & Business Development, Scott Baily, as well as Dan Berberick, a experienced Rocky Mountain Petroleum Geologist with extensive experience in the targeted areas. Robert Gardner will take on the role of President & CEO. Titus Gebel, Thomas Gutschlag and the current President & CEO of Tekton Energy, Jerry Sommer, will represent Deutsche Rohstoff on the board of the company. Earl Norris will also consult Cub Creek with his extraordinary experience. The new management team combines several decades of experience in the U.S. oil & gas industry and has significantly contributed to the success of Tekton Energy.

The company will have an initial focus on Colorado (Wattenberg), Utah and North Dakota, states in which the management team have previously worked and therefore gathered extensive operational experience. Deutsche Rohstoff AG holds a 74% majority stake in the new company. The remaining shares are held by management, which will contribute to the financing of the company. Cub Creek is positioned to license acreage and begin development activities in the course of the year.

Titus Gebel, CEO of Deutsche Rohstoff, said: "We are willing to repeat the great success of Tekton with this new company, Cub Creek Energy. During our cooperation with Tekton Energy we were able to convince ourselves of the excellent skills and experience that the Cub Creek Energy management team brings to the new company. First possible transactions are currently being evaluated."

After the sale of its major assets Tekton Energy currently remains financed with USD 1.5 million that serve as a coverage amount for potential liabilities from final adjustments to the closing price. Furthermore the company holds property that can be used for industrial purposes as well as the remaining 560 acres in the so-called "Magpie" area south of Windsor. Extraction Oil & Gas, which acquired the major assets of Tekton last week, holds an option to take over this acreage for another USD 60 million. Due to the uncertainty about the exercising of the option the further acquisition of acreage, also in the Wattenberg field, will only be carried out by Cub Creek.

Tekton Energy will be renamed to "Elster Oil and Gas" within the next days. The Management will be identical to Cub Creek Energy, with Robert A. Gardner serving as President & CEO. The co-founders Jerry Sommer and Earl Norris will sell their shares to Deutsche Rohstoff USA which will increase its ownership to 93% of the company, the remaining shares will be held by the Management team. In addition to their consulting



capacity to Cub Creek and after a break in their activities the successful co-founders of Tekton will consider establishing a new project together with Deutsche Rohstoff.

Heidelberg, 03 June 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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