Deutsche Rohstoff

Deutsche Rohstoff AG

SEMI-ANNUAL REPORT 2014

DEAR DEUTSCHE ROHSTOFF AG SHAREHOLDERS, DEAR SIR OR MADAM,

the first half-year of 2014 was characterised by the sale of the majority assets of Tekton Energy. The transaction was completed at the end of May. The sale generated USD 200 million. A further USD 20 million were paid as compensation for expenditures during 2014. Deutsche Rohstoff received around USD 129 million and we also recovered our loan plus interest of around USD 39 million. The sale was a great success after just three and a half years of investment. We were able to multiply the equity capital used by four.

Alongside the sale of Tekton, May and June saw negotiations for the sale of Wolfram Camp mine in Australia. We signed the sales agreement at the end of June. The purchaser, the listed company Almonty Industries from Canada, is paying 18 million Canadian Dollars in shares and convertible bonds. This transaction was completed at the end of September. We now have an almost 25 % share in Almonty. Almonty already successfully operates the Los Santos tungsten mine in Spain. Together with Wolfram Camp, Almonty is now able to supply more tungsten concentrate than any other producer outside China. We are confident that our share in Almonty will increase significantly in value over the coming years and will at least partially offset the write-downs totaling EUR 18.4 million that were necessary for the tungsten business unit in 2013 and the first half of 2014.

Dr. Thomas Gutschlag,
CFO Deutsche Rohstoff AG

With the sale, both of our operating units were divested within a short period of time. Many shareholders have voiced their concerns to us as to how we intend to rebuild an attractive portfolio of activities. We see ourselves in a very attractive position to do this. At the end of June we had EUR 122 million of liquid assets in the group, and with Cub Creek Energy we have already founded a new oil and gas company in the USA. The company is essentially made up of former Tekton management. In addition we hold very interesting areas in the Wattenberg Field that could be core of a new project.

Our remaining portfolio consists of holdings in the field of specialist metals and oil and gas exploration.

In addition to our share in Almonty we are also involved with rare earth elements and tin. Ceritech (formerly Seltenerden Storkwitz) is working on the very promising tailings project to extract rare earth elements and could be starting test production as soon as 2016. A few weeks ago we received an initial survey in line with the Australian JORC standard for the Sadisdorf tin project. It once again confirms the good opportunities offered by the Ore Mountains (Erzgebirge) for tin exploration.

Rhein Petroleum and Jutland Petroleum are two companies who we are involved with exploring oil reserves in Germany and Denmark. In May, Rhein Petroleum reported that neither of the two initial wells had produced the expected output. This is a pity but in no way unusual. The company has a number of promising drill targets. Drilling commenced at two further locations in Bavaria in mid August. Drilling is carried out by our partners Wintershall, a subsidiary of BASF. In Denmark, our intention is to repeat our financial success which we had with Rhein Petroleum. Jutland Petroleum was recently admitted to the Danish licence area.

Our solid financial situation and experienced team allow us to identify numbers of opportunities for investing in good projects. There continues to be very favourable opportunities for entering the global market. We look for the best projects but will always thoroughly investigate all proposals before making a decision. The same applies to all oil projects in the US. Finally, the long-term success of a project is determined by its quality.

Share buyback initiated

A share buyback program has been running since mid July as a result of a resolution of the 2013 annual general meeting. By 19 September, 112,000 shares at an average price of just under 20 Euros were bought back. Our intention is to buy back shares for a total value of EUR 5 million.

Dr. Titus Gebel,
CEO Deutsche Rohstoff AG

Exchange rate trends

The US and Australian Dollar exchange rates have gone in our favour compared to the ones at 31.12.2013. Both currencies have gained against the Euro. In total, income from the currency conversion being recognised at fair value in the first half-year amounted to EUR 1.4 million. After 30.06.2014 the Euro continued to weaken resulting in further currency gains.

Raw material prices moving with no clear direction

The prices of the important raw materials for our projects have changed in varying degrees, but as a whole the trend has been weak. American crude oil (WTI) traded between 92 and 106 USD/barrel throughout last year. Due to sluggish demand, Wolfram APT traded slightly lower at around USD 365 per mtu in mid August. While tin remained stable at around USD 22,000 per tonne, the prices for the significant elements of the rare earths continued to fall. Future price development will depend on how fast demand recover in the major consumer countries.

Clear rise in turnover and revenue in the first half-year.

Group turnover amounted to EUR 22 million in the first half-year (previous year: EUR 6.5 million). Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) improved from EUR 1.9 million to EUR 116.6 million, and the consolidated earnings before minority interests from EUR 0.25 million to EUR 65 million (all figures in accordance with German Commercial Code and unaudited). The sale of the major assets of Tekton Energy provided the greatest contribution to results with EUR 101.7 million.

Total assets have risen to EUR 163 million. Equity capital is at EUR 68.6, with the equity ratio being 42 % after 29.6 % as at 31.12.2013. The high amount of liquid assets confirms the group's financial independence and ability to act flexible.

What are we expecting over the coming months?

The management team of both of our companies in the USA is involved in identifying and testing suitable projects. Along with enhancing our position in the Wattenberg Field we are also looking for projects in other basins that could lead to a similar development. As such we are not in the same position as when Tekton Energy was founded since we now have significantly more financial resources. We have no doubt that we will be able to report the acquisition of one or more acreage positions by the end of the year as intended.

Our objective remains to generate high returns for our shareholders. Our intention for this year is to pay increased dividends. We will create the right conditions for this by investing in the right projects.

Commodities are the future.
Come with us.

„Glückauf" – as a German miner's good luck call goes – from Heidelberg.

Dr. Titus Gebel	Dr. Thomas Gutschlag
CEO	CFO

PROJECT PORTFOLIO AS OF 30 JUNE 2014

(Share of Deutsche Rohstoff in percentage)

Rhein Petroleum		
10 %	Germany	Oil /Gas

Seltenerden Storkwitz		
57 %	Germany	REE/Niobium

Sachsenzinn		
60 %	Germany	Tin

New venture Jutland Petroleum		
50 %	Germany	Oil/Gas

Devonian Metals		
47 %	Canada	Zinc/Lead

September 2014 sale Wolfram Camp / Tropical Metals		
100 %	Australia	Tungsten

New venture Stratetic Resources Development		
70 %	Australia	Various

New venture Cub Creek Energy		
74 %	USA	Oil/Gas

Significant assets sold Elster Oil & Gas (Tekton Energy)		
93 %	USA	Oil/Gas

RESOURCE OVERVIEW AS OF 30 JUNE 2014

Project	Share as of 30 June 2014	Company	Commodities	Barrels	Resource classification
Oil and Gas					
Rhine Valley and Bavaria	10 %	Rhein Petroleum	Oil/Gas	–	expected 2015
Wattenberg	93 %	Elster Oil & Gas	Oil/Gas	–	expected 2015
Metals				**Tonnen**	
Wolfram Camp	100 %	Wolfram Camp Mining	Tungsten Molybdenum	800.000 mtu[1] 1.600 t[1]	Indicated – Inferred Resource, JORC[2] Indicated – Inferred Resource, JORC[2]
Gottesberg	60 %	Tin International	Tin Copper	114.000 t 38.000 t	Indicated – Inferred Resource, JORC[2] Indicated – Inferred Resource, JORC[2]
Geyer	60 %	Tin International	Tin Zinc	44.000 t 51.000 t	Indicated – Inferred Resource, JORC[2] Indicated – Inferred Resource, JORC[2]
Sadisdorf	60 %	Tin International	Tin	15.000 t	Inferred Resource, JORC[2]
Storkwitz	57 %	Seltenerden Storkwitz	Rare earth Niobium Rare earth Niobium	20.000 t 4.000 t 18.000 t 4.000 t	Indicated – Inferred Resource, JORC[2] D2 – D1 GDR Standard
Wrigley	47 %	Devonian Metals	Zinc/Lead	560.000 t	Indicated-Inferred Resource (NI 43-101[3])

1 *mtu – metric ton unit – equivalent to 10 kg, materials that have been exploited since 2012 have already been deducted*

2 *Australian standard for the classification of resources – Joint Ore Reserves Committee (JORC)*

3 *Canadian standard for the classification of resources – National Instrument 43-101*

OIL AND GAS

ELSTER OIL & GAS
(up until 17.06.2014 ‚Tekton Energy')

On 30 May, Tekton Energy announced the closing of the due dilligence by the purchaser, the former cooperation partner Extraction Oil & Gas from Denver. This concluded the sale of the Windsor project. In addition to the advance payment of USD 18 million already paid in April, Tekton received a further USD 202 million, resulting in net proceeds of USD 220 million.

The net proceeds being 20 million higher than the purchase price of USD 200 million is a result of the agreement to backdate the purchase to 1 January 2014. The purchaser reimbursed Tekton with all expenditure that have accrued since 1 January and received all revenue generated during this time in return. The difference, due to the numerous new wells drilled in this period, amounted to USD 20 million in Tekton Energy's favour.

After concluding the transaction, the members of Tekton Energy resolved to immediately repay the loan to Deutsche Rohstoff AG including interest for a total of around USD 39 million and to distribute the remaining proceeds. Deutsche Rohstoff USA, who is a 100 percent-owned subsidiary company of Deutsche Rohstoff had invested around USD 30 million of equity capital in Tekton Energy since Tekton Energy was founded, received a payment of approximately USD 129 million.

The former Tekton Energy retained USD 1.5 million in cash after the sale to be used to offset any claims for compensation by the purchaser that could arise from old claims prior to 1 January and the like.

Elster Oil & Gas (EOG) also retained a plot of land capable of being used for industrial purposes along with the water rights, the mineral rights (in this case an entitlement to a share in turnover from oil and gas exploration on the plot) and drilling material.

In September 2014 the water rights and the land could be sold for a total of USD 2.8 million. The mineral rights, i.e. the entitlement to a share in the turnover from any oil and gas production on the acreage (royalties) are retained by Elster Oil & Gas. In spring 2013, the purchase price for the land with all rights amounted USD 2.5 million.

Elster Oil & Gas also remained with a position of 560 acres (2.3 square kilometres) in the so-called Magpie area south of Windsor. The area is viewed by the management as a very prospective part of the basin. Extraction Oil & Gas has a pre-emption right fo the acreage that must be exercised before the start of the planned drilling programme but no later than spring 2015. Should Extraction Oil & Gas exercise the option, EOG will receive further USD 60 million. Extraction Oil & Gas had not indicated by the completion of this report if this option is to be exercised or not.

CUB CREEK ENERGY

In June 2014, Deutsche Rohstoff co-founded another oil and gas company, Cub Creek Energy LLC (CCE), based in Denver. Tekton's previous Vice President of Engineering Robert Gardner and the Vice President for Land & Business Development, Scott Bailey, are co-founders of Cub Creek Energy. Together with Dan Berberick, a very experienced oil geologist in the target areas, they form the

Tekton Energy production plants

company's management team. Robert Gardner has taken over the role of President & CEO. Titus Gebel, Thomas Gutschlag and the previous President & CEO of Tekton Energy, Jerry Sommer, hold the remaining seats in the board for Deutsche Rohstoff AG. Earl Norris is available to Cub Creek in an advisory capacity with his wide-ranging experience as a geologist. With 74 %, Deutsche Rohstoff AG holds the majority of the shares. The management team has taken on the remaining share and is also significantly involved in the financing of the company.

The company will be focusing first on the US-States of Colorado (in particularly Wattenberg Field), Utah and North Dakota as the management team has already been operating there and has extensive experience. Cub Creek is expecting to be able to secure the first acreage positions during the course of this year and start developing them.

RHEIN PETROLEUM

In May, Rhein Petroleum GmbH announced that, subject to further work, for the time being it will not produce from its wells ‚Stockstadt' 2001 and ‚Almend 1' in Riedstadt-Crumstadt (south of Frankfurt am Main) after initial productivity tests. Rhein Petroleum will undertake further analysis of the obtained data and results before a decision is made to re-open the wells. Rhein Petroleum is also preparing a further well (‚Schwarzbach') in the northern part of the Upper Rhine licence area.

During the second half of August, Wintershall GmbH, the oil and gas subsidiary of BASF, began drilling a well in Rhein Petroleum's licence area Mindelheim, near Lauben in the Unterallgäu district. A second well was started in mid September in the neighbouring Bedernau area. Test production will take place after completion of both wells. Results from this test exploration are expected to be available by the end of the year. Wintershall and Rhein Petroleum are working together in the Mindelheim licence area as consortium partners (50 % each), with Wintershall leading the operation. Both wells are located in the area of former oil fields where significant reserves are suspected to remain. The drilling targets were identified after analyzing 3D seismic images taken in 2012 under the guidance of Rhein Petroleum. Results from both wells are expected to be available by the end of the year.

Deutsche Rohstoff AG, having co-founded Rhein Petroleum towards the end of 2007 with the aim to reactivate old oil fields in Southern Germany, still has a 10 % stake in the company. The remaining shares are held by Tulip Oil (www.tulipoil.com) in The Hague, The Netherlands, to whom Deutsche Rohstoff sold the majority in 2011. Due to an agreement of September 2012 between Tulip Oil and Deutsche Rohstoff, despite its 10 % share, Deutsche Rohstoff only needs to finance 2.5 % of in Rhein Petroleum's spendings.

JUTLAND PETROLEUM

Jutland Petroleum (JUP) has been founded in 2013. The founders and members are Deutsche Rohstoff and Herzford International in equal shares. Both partners had already founded and (partly) sold Rhein Petroleum.

Jutland has applied for licences for conventional oil and gas exploration in Schleswig-Holstein and Denmark along the German-Danish border. The Danish licence was granted at the end of May 2014. Jutland holds 80 % of the licence with the Danish state North Sea Fund holding 20 %.

Jutland's intention is to test a new geological theory for the licence area. To date there are still no productive wells on the Danish side of the mainland, although since the 1950s hydrocarbons have been found in a series of wells. Extensive seismic data is also available for the area. As an initial step, Jutland is planning to re-interpret this data by the end of the year.

METALS

Tungsten, molybdenum

WOLFRAM CAMP MINING/ TROPICAL METALS

On 30 June, Deutsche Rohstoff signed a contract to sell all shares of its 100 %-owned Australian subsidiaries Wolfram Camp Mining (WCM) and Tropical Metals (TM). The companies operate the tungsten and molybdenum mine at Wolfram Camp in Australia. The purchase price is 18 million Canadian Dollars (CAD), equating to around EUR 12.7 million. The purchaser is the Canadian company Almonty Industries who operates the Los Santos tungsten mine in Spain. Almonty's shares are traded on the Canadian TSX Venture stock exchange in Toronto.

Under the contract, the sales price consists of two parts: Deutsche Rohstoff receives 12.2 million shares from Almonty for the value of CAD 10.5 million when the contract is signed. This corresponds to a 24.9 % share of Almonty's share capital.

In addition, Almonty is issuing a convertible bond for CAD 7.5 million to Deutsche Rohstoff. It has a term of 2.5 years and interest is paid at 4 % p.a. Deutsche Rohstoff is able to convert the bond into Almonty shares at a share price of CAD 1.45.

The contract came into effect on 23 September after all conditions had been met. In the meantime, Almonty's shares and bonds have been issued to Deutsche Rohstoff.

From Deutsche Rohstoff's point of view, Almonty is the ideal purchaser for Wolfram Camp. The management team has a great deal of experience with tungsten mines and has demonstrated that it is capable of successfully developing them over the long term. This gives DRAG a significant holding in a large tungsten producer.

Due to the transaction concluded, Deutsche Rohstoff undertook a further un-scheduled write-down of EUR 14 million on WCM and TM assets and debt facilities in the first half of 2014. This write-down follows a previous write-down of EUR 4.4 million made in 2013.

We are assuming that Almonty's shares and bonds will significantly increase in value in the medium term. With the purchase of Wolfram Camp, Almonty is Canada's only listed company with two productive tungsten mines producing both wolframite and scheelite concentrates.

The European price for tungsten APT applicable to Wolfram Camp and Los Santos fell slightly in the first six months of 2014, with most analysts expect prices to either remain the same or rise next year.

Wolfram Camp Mine, Queensland, Australia

Tin

TIN INTERNATIONAL

In the first six months of 2014, Tin International (TIN) continued to develop all three licence areas via its 100 %-owned subsidiary company Sachsenzinn GmbH (SZ).

The new Sadisdorf license area awarded in 2013 is worthy of particular mention. The main objective was to estimate resources in accordance with the international JORC standard, like those that exist for the Gottesberg and Geyer deposits. Extensive historical sampling material from Saxony's State Office for Geology core storage could be accessed with regards to Sadisdorf. These samples allowed the historical results to be confirmed without the need for expensive exploration drilling. In addition to the analysis, Sachsenzinn mapped and systematically sampled surface mineralisation. This allowed the deposit to be extended. A well-known international Geology consulting company was tasked to carry out the JORC resource estimation. We received the final JORC evaluation in September 2014. It reports an inferred resource of 3.36 million tonnes of ore at an average grade of 0.44 % tin, equivalent to a tin content of 15,000 tonnes. The evaluation is based on a cut-off grade of 0.25 % of tin.

Surface sampling Sadisdorf, 2014

The Geyer exploration license with its skarn ore presents a challenge in terms of processing. For this reason, Sachsenzinn has been actively involved in forming a consortium dedicated to this matter. It is formed of renowned partners from academia and industry and is due to start work at the start of 2015 according to schedule. The project will be provided with all of the processing related research results instigated by Sachsenzinn. Sachsenzinn is hoping to press ahead with the development of innovative processing technology for tin, zinc and indium-bearing skarn ore from Geyer. All of Sachsenzinn's other projects will also be able to benefit from the results.

Important knowledge about the mineralisation mechanism was gained for the Gottesberg tin deposits by means of underground mapping. As Gottesberg currently has no underground access, the surveys were performed in the Tannenbergstal tin mine located only a few kilometres away. The aim was to identify structural units combined with high-quality mineralised areas and representing factors for monitoring the tin ore. The consistently positive results are important outcomes for further exploration planning for Gottesberg

Rare earth elements

CERITECH (FORMERLY SELTENERDEN STORKWITZ)

In July 2014, a resolution was passed at the AGM for Seltenerden Storkwitz AG (SES), Chemnitz to rename the company into Ceritech AG. At the same time the shareholders passed a resolution to relocate the company's headquarters to Leipzig.

The company shifting its focus to rare earth-bearing mineralised dumps outside of Germany was the reason for renaming. As such the aim was to opt for a more internationally identifiable company name. From the point of view of Ceritech's management team, the move to Leipzig has clear benefits in terms of infrastructure and location.

Development of the dumps project went according to schedule in the first six months of the year. As such, Ceritech was able to proceed with a drilling campaign on one of Europe's largest gypsum dumps. Along with important geological and mineral data, the necessary material for the complex preparatory work was also obtained. As a result, Ceritech was able to implement the process for extracting rare earth from such gypsum on a large scale in the laboratory and produce around 0.5 kg of a rare earth concentrate with a purity of 99.9 %. This can be used as a product sample for talks with potential customers of such a concentrate.

In the meantime the preparatory investigations have progressed to such an extent that planning work for a pilot plant has already started and a test phase is about to be implemented.

Ceritech AG drill core

In March 2014, Ceritech was successful in entering into a first exclusive contract with a gypsum producer and dump owner for the rare earth element project. The company is one of the largest of its kind in Europe. The contract entered guarantees Ceritech the exclusive right to access the deposit and use the site's infrastructure. Contractual negotiations with the owners of other dumps are under way.

Ceritech AG drilling, 2014

The dump project has placed Ceritech in a good position for developing a project in a low price environment. This is significantly different to nearly all rare earth element projects being developed on conventional deposits.

Market

Prices for rare earth elements continue to consolidate at a very low level and in comparison to the start of the year have once again fallen slightly. Since the peak in summer 2011, a direct response to the shortage caused by the significant temporary reduction in the Chinese export quota, prices have fallen by around 80 %. This is causing significant problems for many exploration companies and producers. The two major producers Lynas and Molycorp have managed to increase production, resulting in China's share of the market falling by around 5 or 6 %. However, their production costs by far exceed the sales prices, leaving Lynas and Molycop with a loss-making business.

Observers of the rare earth market believe that the low rare earth prices are currently intended by China but are not likely to last. The major producers are unable to produce at these prices and a measured but significant price correction is to be expected no later than after they have left the market.

Zinc, lead

DEVONIAN METALS

Efforts to sell the Wrigley-Project have continued during the reporting period but without any result. One positive note is the rising zinc price since the start of the year. It gained 15 % between January and the end of August. According to data from the International Lead and Zinc Study Group (ILZG) there was a supply deficit of 234,000 tonnes for the first time in many years in the first six months of the year. This should also improve the sales prospects for the project.

INVESTOR RELATIONS UND CREDITOR RELATIONS

Shares

At the end of June, Deutsche Rohstoff's share price had gained around 26 % to EUR 20.20 year-on-year. The price has risen by around 19 % since the start of the year. Compared to the first six months of 2013, the trading volume rose by 14.2 % to 11,385 units per day. By end of June, market capitalisation had risen to around EUR 107.5 million. In August, the private bank M.M. Warburg issued a new research report. The report states a target price of EUR 25.

Geologist with shareholders at the AGM 2014

Bond

The bond issued in July 2013 has a term up to 2018 and cannot be redeemed until July 2016. The coupon is 8 % per year. On 12 September 2014, Deutsche Rohstoff announced that bonds to the value of EUR 4.93 million had been bought back at market prices.

The bond is traded in the Entry Standard for bonds on the Frankfurt Stock Exchange and has been moving at a stable rate between 105 and 110 % since September 2013. The first two coupon payments were made on time in January and July 2014. Deutsche Rohstoff received a new rating in June 2014. The rating score returned to BB+ (Creditreform).

SHARE AND BOND DATA

	Shares	Bonds
ISIN	DE000A0XYG76	DE000A1R07G4
WKN	A0XYG7	A1R07G
Stock exchange abbreviation	DR0	DR01
Stock market segment/trading	Entry Standard	Entry standard for medium-sized companies
Indices	Performance Index TOP30	
Designated Sponsors	ICF Kursmakler AG Bankhaus Donner & Reuschel AG	A1R07G
Spezialist		ICF Kursmakler AG
Number of shares	5,322,147 (since 07.03.2012)	
Coupon		8 %
Maturity		10 July 2018
Next interest payment date		11 January 2015
Rating		BB+ (Creditreform)

Performance	Share	Bond
Closing prices 28.06.2013	EUR 16.01	–
30.06.2014	EUR 20.20	EUR 111.50
Trading turnover (shares per day)	11,385	262

Market capitalisation	
28.06.2013	EUR 85.2 million
30.06.2014	EUR 107.50 million

CONSOLIDATED MANAGEMENT REPORT
(IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE HGB, UNAUDITED)

The following is an abridged management report, which manly focuses on deviations in comparison to the consolidated financial statements for 2013. In this respect a comprehensive description can be found in the annual report for 2013 and the detailed consolidated management report contained therein.

I. GROUP STRUCTURE

1 Business model

There are no changes to the business model set out in the business report.

Newly founded was Cub Creek Energy in Denver, USA, in which the Group has a 74 % stake.

Compared to 31.12.2013, the holdings in the following companies have changed:

Tekton Energy (new name Elster Oil & Gas): Increase from 72.15 % to 93.04 %; Seltenerden Storkwitz (new name Ceritech AG): Increase from 50.11 % to 56.77 %.

2 Economic report

a) Overall economic and industry-specific framework conditions

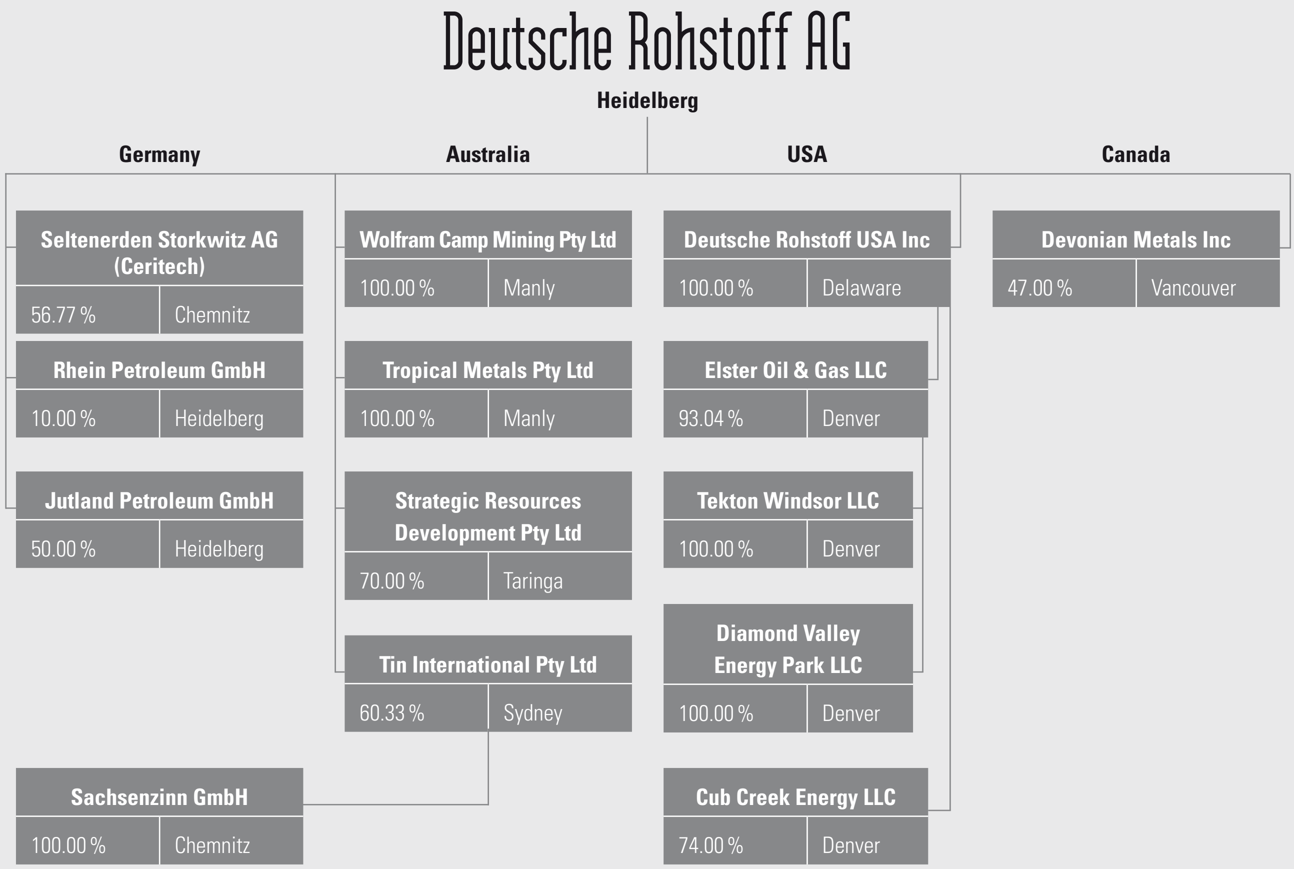
A statement on the development of prices of the Group's most relevant commodities can be found in the letter to the shareholders in this half-year report as well as the snapshot of the individual business areas.

b) Business performance

The first half of the 2014 stands out for the sale of the significant assets of Tekton Energy and entering into an agreement to sell Wolfram Camp Mining and Tropical Metals.

Reference is made to other activities in the 2013 business report and the statements in this interim report.

Structure under corporate law as at 30 June 2014



II. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Results of operations

The results of operations improved significantly in the first six months. Sales revenues, predominately from oil and tungsten production, more than tripled compared to the first six months of 2013 to around EUR 22 million. Other operating revenues jumped to EUR 102 million. In particular, these were a result of the sale of the major assets of Tekton Energy.

Personnel expenditure remained constant in the first six months, as did other operating expenses. Scheduled depreciations rose to EUR 4.2 million, essentially due to increased production at Tekton Energy. Added to this is the unscheduled depreciation of the book value for Wolfram Camp of EUR 14 million.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) was EUR 116.6 million for the first six months. Adjusted for depreciation, the resulting Earnings Before Interest and Tax (EBIT) were EUR 98.3 million.

Due to the interest payments on the bond, the Group has a negative financial result of EUR -2.3 million. Deutsche Rohstoff USA has a tax debt due to the capital gain on the assets sold of Tekton Energy of around EUR 29.4 million. Around half of this will be paid by the end of June, with the remainder following during the year. In accordance with US tax legislation it is also possible to deduct future investments in oil and gas wells retrospectively from the profit of the sale and as such retrospectively reduce tax burdens. This option will of course be used for all investments in the future.

As at 30.06.2014, the annual Group surplus was EUR 65.4 million, with the net profit, reduced by the minority interest shares, amounting to EUR 35.6 million.

Financial position

Liquid assets (bank deposits and marketable securities) amounted to EUR 122 million as at 30.06, giving the Group an excellent financial perspective.

Net assets

The Group's net assets of EUR 163 million (last year EUR 65 million) consist of 20 % fixed assets and up to 76 % current assets, of which in turn the largest proportion are cash in hand and securities that are easy to convert. Due to the sale of the major assets of Tekton Energy and the unscheduled write-offs of the tungsten business unit, tangible assets fell significantly as at 31.12.2013 from EUR 58 million to their current figure of EUR 14 million.

Compared to 31.12.2013, equity capital rose from EUR 39 million to EUR 69.6 million. The equity ratio now amounts to 42 % (31.12.2013: 29 %). Liabilities due to the bond and to banks amounted to EUR 69 million. Other liabilities include the remaining tax payment in the USA due in the second half of the year for EUR 13.5 million.

III. SUBSEQUENT EVENTS

The sale of the subsidiaries in Wolfram Camp Mining and Tropical Metals was concluded on 23.09.2014.

IV. FORECAST, OPPORTUNITIES AND RISK REPORT

For the full year the Executive Board is expecting a consolidated profit of at least EUR 50 million before minority interests. A forecast for 2015 is at the moment difficult as the Group is currently reorganising its activities. In particular, the question of when new oil and gas projects can be acquired in the US and how quickly they can be developed cannot be answered reliably. Nevertheless, the aim of the Board is to recommence oil and gas exploration as quickly as possible. We are assuming that in 2015 Cub Creek will be involved in a comprehensive investment program. A dividend shall also be paid again for 2014.

We refer to the 2013 business report for the opportunity and risk report.

Heidelberg, 26 September 2014

The Executive Board

CONSOLIDATED BALANCE SHEET
(IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE HGB, UNAUDITED)

Assets		**30.06.2014**	**30.06.2013**	**31.12.2013**
		EUR	EUR	EUR
A.	**Fixed assets**			
I.	Intangible assets			
1.	Purchased franchises, industrial rights and similar rights and assets, and licenses in such rights and assets	9,615,902	1,067,397	3,555,398
2.	Goodwill	1,113,805	1,093,518	985,574
		10,729,707	**2,160,915**	**4,540,972**
II.	Property, plant and equipment			
1.	Land, land rights and buildings on third-party land	1,874,661	58,189	1,856,195
2.	Producing oil plants and mines	5,270,302	8,311,314	32,801,815
3.	Mines under construction	0	18,659,613	0
4.	Exploration and evaluation	3,580,026	6,342,166	20,152,842
5.	Plant and machinery	3,233,709	5,285,232	2,872,668
6.	Other equipment, furniture and fixtures	155,270	199,854	209,101
		14,113,968	**38,856,367**	**57,892,622**
III.	Financial assets			
1.	Equity investments	3,952,866	3,455,111	3,702,095
2.	Fixed assets securities	4,397,634	0	4,397,634
		8,350,500	**3,455,111**	**8,099,729**
B.	**Current assets**			
I.	Inventories			
1.	Raw materials, consumables and supplies	2,950,492	2,256,535	1,980,616
2.	Work in progress	2,265,286	726,307	1,589,545
3.	Finished goods and merchandise	32,979	1,109,305	192,559
		5,248,757	**4,092,147**	**3,762,720**
II.	Receivables and other assets			
1.	Trade receivables	163,228	1,347,395	978,448
2.	Receivables from companies with participating interests	366,944	309,168	340,940
3.	Other assets	1,098,014	1,914,680	5,558,912
		1,628,185	**3,571,243**	**6,878,300**
III.	Securities classified as other assets	5,035,043	1,470,546	6,247,962
IV.	Bank balances	112,879,814	7,533,932	39,815,478
C.	**Prepaid expenses**	**255,695**	**92,521**	**137,259**
D.	**Deferred tax assets**	**5,054,587**	**3,757,666**	**4,157,460**
	Total assets	**163,296,255**	**64,990,448**	**131,532,501**

Liabilities		30.06.2014	30.06.2013	31.12.2013
		EUR		EUR
A.	**Equity**			
I.	Subscribed capital	**5,322,147**	**5,322,147**	**5,322,147**
	Conditional equity EUR 2,000,000 (Previous year: EUR 2,000,000)			
II.	Capital reserves	**29,628,615**	**29,440,028**	**29,628,615**
III.	Equity difference from currency conversion	**-5,169,529**	**-2,916,031**	**-6,599,815**
IV.	Consolidated net retained profit / consolidated accumulated loss	**35,592,830**	**9,725,531**	**819,960**
V.	Minority interests	**3,277,627**	**5,388,807**	**9,723,486**
		68,651,690	**46,960,483**	**38,894,392**
B.	**Provisions**			
	Other provisions	2,009,891	1,430,997	1,993,241
		2,009,891	**1,430,997**	**1,993,241**
C.	**Liabilities**			
1.	Bonds, of which convertible	62,241,000	0	62,237,000
2.	Liabilities to banks	6,741,729	10,739,700	9,248,211
3.	Payments received on orders	935,967	0	932,580
4.	Trade liabilities	5,977,088	2,099,382	13,928,328
5.	Other liabilities	16,300,021	2,623,167	3,894,756
		92,195,805	**15,462,249**	**90,240,874**
D.	**Deferred tax liabilities**	**438,869**	**1,136,719**	**403,994**
	Total liabilities	**163,296,255**	**64,990,448**	**131,532,501**

CONSOLIDATED INCOME STATEMENT
(IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE HGB, UNAUDITED)

		01.01.–30.06.2014	01.01.–30.06.2013
		EUR	EUR
1.	**Revenue**	**22,052,542**	**6,533,453**
2.	**Increase or decrease in finished goods and work in progress**	**1,203,323**	**-43,889**
3.	**Other work capitalised**	**104,270**	**2,761,671**
4.	**Other operating income**	**101,734,154**	**571,434**
5.	**Cost of materials**	**3,707,213**	**3,308,827**
	a) Cost of raw materials, consumables and supplies and of purchased merchandise	367,093	3,308,827
	b) Cost of purchased services	3,340,120	0
6.	**Personnel expenses**	**2,840,966**	**2,843,611**
	a) Wages and salaries	2,788,537	2,797,240
	b) Social security, pension and other benefit costs	52,429	46,371
	– of which for old-age pensions EUR 4,831 (previous year EUR 3,288)		
7.	**Amortisation, depreciation and write-downs**	**18,260,604**	**1,239,652**
	a) of all intangible assets and property, plant and equipment	18,260,604	1,239,652
8.	**Other operating expenses**	**1,909,779**	**1,773,117**
9.	**Other interest and similar income**	**254,761**	**190,629**
10.	**Interest and similar expenses**	**2,590,341**	**337,645**
11.	**Result from ordinary activity**	**96,040,147**	**510,447**
12.	**Income taxes**	**28,639,303**	**7,975**
	– of which income from changes in recognised deferred taxes EUR 777,935 (previous year EUR 168,179)		
13.	**Other taxes**	**1,972,142**	**251,711**
14.	**Consolidated net retained profit/accumulated loss**	**65,428,703**	**250,761**
15.	**Loss attributable to minority interests**	**-30,655,833**	**-181,876**
16.	**Profit (+) / loss (-) carried forward**	**819,960**	**9,656,646**
17.	**Consolidated net retained profit / consolidated accumulated loss**	**35,592,830**	**9,725,531**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE HGB, UNAUDITED)

The consolidated financial statements for this half-year report for Deutsche Rohstoff AG as of 30 June 2014 have been prepared in accordance with the accounting provisions of Secs. 290 et seq. HGB [‚Handelsgesetzbuch': German Commercial Code']. The consolidated financial statements of this half-year report do not include all of the notes and disclosures required in a consolidated financial statement and should therefore be read in conjunction with the consolidated financial statements of 31 December 2013.

The consolidated income statement is classified using the nature of expense method. The accounting and valuating methods for the establishment of this half-year consolidated financial statement correspond to the ones that have been applied to the establishment of the consolidated financial statement for the fiscal year that ended on 31 December 2013. Please refer to the ‚Notes to the Consolidated Financial Statement' for the fiscal year from 1 January 2013 to 31 December 2013, published in the 2013 annual report, page 64 et seq. (noted below: annual report). The consolidated half-year financial statements are presented in Euros (EUR). Unless otherwise indicated, all figures are rounded up or down to the nearest Euro in accordance with commercial rounding practices. Please note that differences may result from the use of rounded amounts and percentages. These interim consolidated financial statements have not been audited or revised.

Basis of consolidation

The group of consolidated companies was larger on 30 June 2014 in comparison to 31 December 2013 due to the inclusion of the newly founded US subsidiary company Cub Creek Energy LLC. Deutsche Rohstoff has a 74 % stake in this company.

Currency conversion

Foreign currency assets and liabilities were essentially converted using the average spot rate on the balance sheet date. In the event of residual terms of more than one year, the realisation principle and the historical cost principle were applied. Except for equity, assets and liabilities in the financial statements prepared foreign currency were converted into Euros at the average spot rate on the balance sheet date. Equity was converted using the historical rate. The items on the income statement are converted into Euros at the average exchange rate. The resulting conversion difference is recognised in consolidated equity under the item ‚Equity difference from currency conversion'.

Notes to the consolidated balance sheet

The following only includes items that present considerable differences for the period from 1 January to 30 June 2014 compared to the previous year. Otherwise, we will refer to the details provided in the annual report.

A. Fixed assets

The share in Elster Oil & Gas (formerly: Tekton Energy) has been increased by an additional 20.89 % during the first half of 2014. This allowed hidden reserves of EUR 4.1 million to be activated in the item ‚Franchises, industrial rights and similar rights'. In the fist half-year of 2014, Elster Oil & Gas sold its major assets, whereby both the items ‚Producing oil plants and mines' and ‚Exploration and Evaluation' fell by EUR 13.3 million and EUR 17 million respectively. A further decrease for producing crude oil plants and mines by EUR 14 million is achieved by balancing the Wofram Camp Mine with its associated value on the report date so that the item ‚Producing oil plants and mines' only shows a value of EUR 5.2 million (previous year: EUR 8.3 million). The item ‚Mines under construction' for the amount of EUR 18.6 million still shown in the half-year report for 30.06.2013 was transferred to the item ‚Producing oil plants and mines' at the start of commercial production. The item ‚Exploration and Evaluation' amounted to EUR 3.5 million on 30.06.2014 (previous year: EUR 6.3 million).

Receivables and other assets

The entitlements for reimbursement of costs for the Elster Oil & Gas of EUR 5.1 million shown in the financial statements and posted under other assets as at 31.12.2013 have been collected, resulting in other assets still showing a value of EUR 1 million.

Equity

The Group's capital reserves on the balance sheet data are EUR 3.6 million higher than the capital reserves of the parent company. The item ‚Equity difference from currency conversion' mainly contains currency losses from foreign currency receivable in Australian Dollars resulting from currency differences. This item fell by EUR 1.4 million compared to 31.12.2013 due to the increase in value of the Australian Dollar.

Liabilities

Liabilities due to banks fell by around EUR 2.5 million in the first half of 2014. The loan taken out with Commerzbank AG for EUR 1 million has been paid back. The further decrease of liabilities of EUR 1.5 million is linked to the interest-related repayment of the loan with Bank Austria. This residual term for the loan is between one and five years. Other liabilities have increased by EUR 12.5 million compared to 31.12.14. This is due essentially to short-term tax liabilities in connection with the profits generated by the sale of the significant assets of the Elster Oil and Gas Group.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Revenue

The increase in revenue to around EUR 22 million in the first half of 2014 is primarily due to the horizontal wells used by the Elster Oil & Gas Group used for oil and gas exploration as well as the increase in throughput relating to tungsten production and its processing.

Other operating income

This is due primarily (EUR 101 million) to the profits generated by the sale of the significant fixed assets of the Elster Oil and Gas Group.

Unscheduled write-downs

EUR 14 million was written down not according to schedule in order to enter Wolfram Camp's assets with their associated value into the balance sheet.

The other operating expenses result primarily from Elster Oil and Gas (EUR 1.5 million). Here, the other operating expenses comprise mainly of exploration and evaluation expenses that cannot be activated as well as operating and management expenses. The increase in tax from income and revenue of EUR 29.4 million in the first half of 2014 is based on the tax liability for the profit from the sale of the significant fixed assets of the Elster Oil and Gas Group.

Please also refer to the annual report for ‚Other notes'.

Heidelberg, 26 September 2014

The Executive Board

Dr. Titus Gebel Dr. Thomas Gutschlag

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LEGAL NOTICE

Opportunities and risk

For business opportunities and risks please refer to the Group Management Report as an integral component of these annual financial statements/2013 annual report, page 42 et seq. These opportunities and risks will remain unchanged throughout the current and upcoming financial years.

Statements on future developments

This interim report contains forward-looking statements that reflect the management's current view in respect of future developments. Such statements are subject to certain risks and uncertainties that are beyond the ability of Deutsche Rohstoff (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 or uncertainties occur, or should the assumptions underlying any f 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 this report.

Deviations fro technical reasons

For technical reasons (e.g resulting from the conversion of electronic formats) deviations may arise between the accounting documents contained in this interim report and those submitted to the electronic Federal Gazette in Germany.

In this case the version submitted to the electronic Federal Gazette shall be considered the binding version.

The English version of the interim report is a translation of the original German version. In the event of any deviation, the German version of the interim report shall take precedence over the English version.

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