



Press release

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Deutsche Rohstoff: Update on US oil and gas activities Cub Creek signs contract for drilling rig/New Elster wells underway

Heidelberg/Denver. Cub Creek Energy (CCE) and Elster Oil and Gas (EOG) drive forward the development of their areas in the core area of the Wattenberg field in Colorado as planned:

- CCE signed a contract with a drilling contractor this week. The goal is to successively drill 20 wells from two pads starting around 1 June. There are two drilling pads, where CCE has a very significant working interest. In the case of the first pad, the working interest is nearly 100%; in the case of the second drilling pad it is about 55%, with the possibility that the share could increase to about 80%. If oil prices further increase during the year, CCE plans to commence further 12 wells from a third pad.

- CCE expects drilling costs per well/hole (1 mile lateral length) to amount to USD 2.5 to USD 2.7 million. These costs are considerably lower than what was expected during company directed operations in 2014. At that time, the cost for a horizontal well amounted to USD 4.0 to 4.5 million. Further cost reductions and efficiency improvements over the coming months are expected.

- CCE performed a 3D seismic survey of an essential part of its license areas in March. The results were positive, which means none of the proposed wells are omitted due to fault zones. Henceforth, four drilling pads are available for CCE from which wells could be drilled immediately. The cost of the seismic survey amounted to approximately USD 260,000. An equal sized seismic survey, which Tekton Energy performed back in 2013, had amounted to about USD 600,000.

- EOG participates in six new horizontal wells. At the end of March, they commenced from the same well site from which already five wells have been drilled last summer, which went into production in September and have consistently provided very good production results.

- From June 2016, EOG expects revenues from so-called mineral rights (royalties). These royalties belong to Diamond Valley LLC, a 100% subsidiary of EOG, due to nine wells that have been drilled on its license area by the holder of the leases. These wells are to be completed in the coming days and are expected to start production in early June. EOG will not have to participate in capital expenditure for the wells and also does not have to share the lease operating costs.



Thomas Gutschlag, CEO of Deutsche Rohstoff, commented: "We are delighted, that the extensive preparations for the drilling program of Cub Creek are now almost finished so that we can expect to start drilling within the next few weeks. The team of Cub Creek has done an excellent job and developed a portfolio of wells, which we even could commence at short notice depending on the market situation. Therefore, we are confident of achieving our targets for 2016 and to accomplish substantial increases in value in the coming years."

Heidelberg, 14 April 2016

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