



Press release

September 2016

Deutsche Rohstoff AG: Course of Business as planned Semi-annual report online/Two further wells possible in the US in 2016

Mannheim. In the first half year, Deutsche Rohstoff Group reached a net loss in the amount of EUR -3.9 million as expected (all figures according to HGB and unaudited). Revenues from product sales amounted to EUR 1.1 million. These result almost exclusively from oil and gas sales of the US subsidiary Elster Oil & Gas, which started production of five horizontal wells in September 2015. Earnings before depreciation, interest and taxes (EBITDA) amounted to EUR -3.0 million as of 30 June 2016.

The Group equity increased slightly by EUR 0.7 million to EUR 62.5 million compared to 31 December 2015. This corresponds to an equity ratio of 48.3% compared to 48.2% at the end of 2015. Cash and cash equivalents (deposits with banks plus marketable securities and current assets) amounted to EUR 74.6 million (31 December 2015: EUR 83.0 million).

For the full year 2016, the company expects a Group net profit of EUR 8-10 million. The profit will mostly be determined by oil and gas sales of the US-subsidiaries Cub Creek Energy and Elster Oil & Gas in the fourth quarter as well as tax refunds in the US. Since the end of July, Elster Oil & Gas is producing from another six wells. In the first month, these wells produced 2,700 barrels of oil equivalent (BoE) per day, of which 1,350 BoE apply to Elster economically. In October and November, at least 19 horizontal wells will be brought into production by the US-subsidiary Cub Creek Energy in which the company holds an average economic share of nearly 90%.

A few days ago, Cub Creek received approval for two additional wells from the Markham-Pad, at which the company is currently drilling ten wells. The decision on these two additional wells will be made in the coming days. If the decision is positive, commencement of all twelve wells from the Markham-Pad will be postponed by about three to four weeks into the first half of December.

A major influence on the group net profit will have tax reimbursements. For 2015, Deutsche Rohstoff USA, which holds the equity investments of Deutsche Rohstoff AG in the US, expects a tax refund of USD 3.9 million, which will be paid in the coming weeks. For 2016, the tax refund will rise significantly due to the high investment volume.

Thomas Gutschlag, CEO of Deutsche Rohstoff, comments: "We are on track with our drilling activities in the US. As expected, the vast majority of revenues will be generated in the fourth quarter. For the full year, we still continue to expect a very good Group result."



Cub Creek and Elster have an inventory of further 100 planned production wells, which ought to be drilled by 2018. Cub Creek has also recently announced the acquisition of additional 1,500 net acres. Permitting documentation is currently prepared for these wells. Management is of the opinion, that this area could offer the potential for further 50 wells varying from one mile to mostly two miles in length.

The parent company Deutsche Rohstoff AG expects a positive result for the full year 2016. The Executive Board therefore expects to be able to propose a dividend payment of at least previous year's amount.

The semi-annual report is available at www.rohstoff.de and includes detailed information of the development of the commodity projects within the Group.

Deutsche Rohstoff AG moved their office address to Mannheim. The registered office will remain in Heidelberg. The Executive and Supervisory Board will propose the relocation to Mannheim at the next Annual General Meeting.

Mannheim, 28 September 2016

Deutsche Rohstoff identifies, develops and divests attractive resource projects in North America, Australia and Europe. The focus is on the development of oil and gas opportunities within the United States. Metals, such as gold, copper, rare earth elements, tungsten and tin complete our portfolio. For more information please visit www.rohstoff.de.

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