



HALF-YEAR REPORT

Deutsche Rohstoff

2023



#### EXECUTIVE BOARD

Jan-Philipp Weitz, CEO  
Henning Döring, CFO



#### SUPERVISORY BOARD

Dr. Thomas Gutschlag (Chairman)  
Martin Billhardt (Vice Chairman)  
Dr. Werner Zöllner



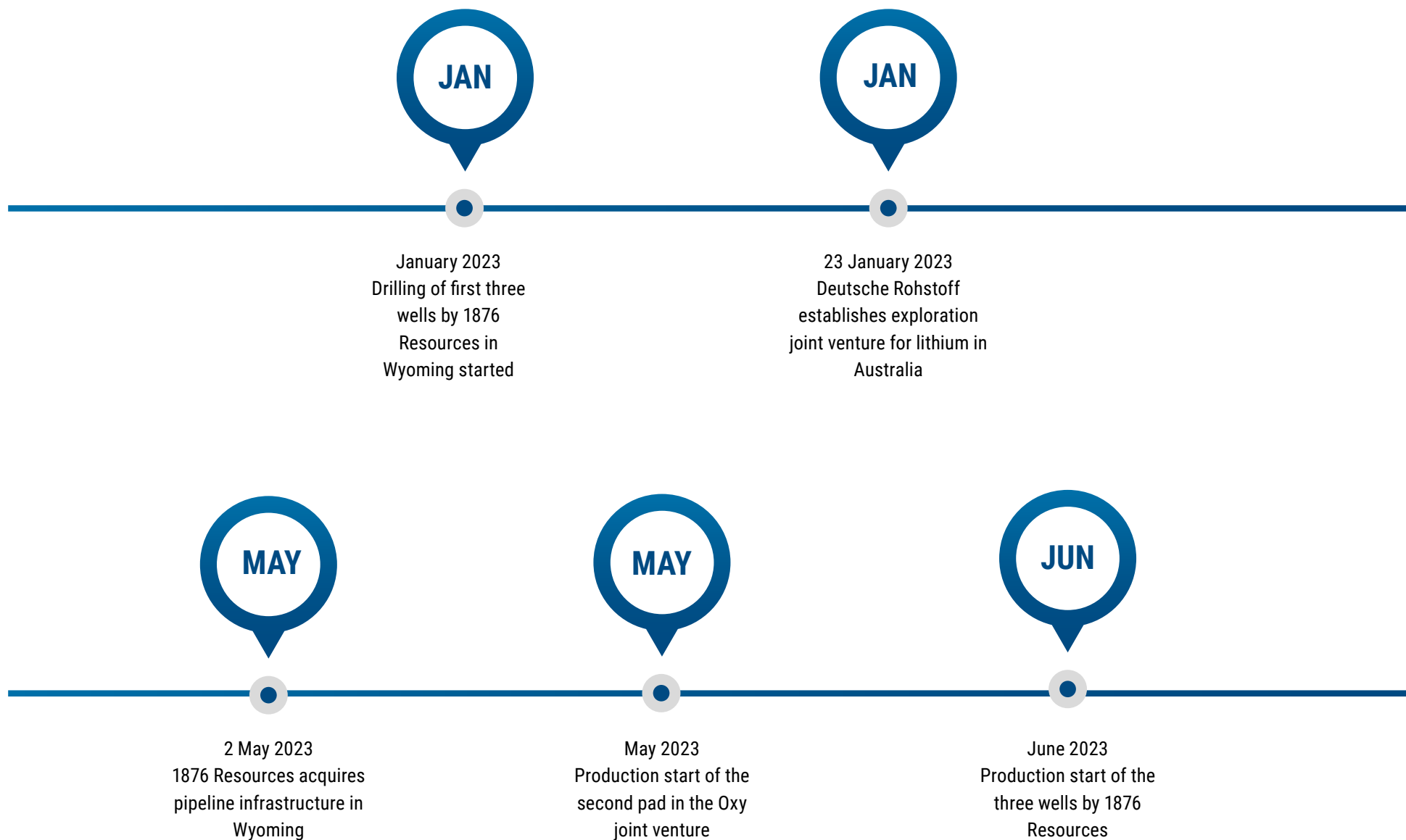
#### DEUTSCHE ROHSTOFF GROUP AT A GLANCE (IN MILLION EUR)

	H1 2023	H1 2022	IN %
Revenues	75,2	72,2	+4,1
EBITDA	56,0	64,0	-12,5
Net Income	21,9	32,5	-32,7
Operating Cash Flow	71,1	62,6	+13,6

	30.06.23	31.12.22	IN %
Cash and cash equivalents	28,0	54,2	-48,3
Equity ratio in %	39,0	37,8	+1,2%P

COMMODITIES ARE  
THE FUTURE

## HIGHLIGHTS FIRST HALF 2023 DEUTSCHE ROHSTOFF GROUP





## OVERVIEW OF THE FIRST HALF-YEAR 2023

### Ladies and Gentlemen

The first half of 2023 has again been very pleasing for Deutsche Rohstoff Group. We are on track to generate the forecast revenue of up to EUR 170 million and EBITDA of up to EUR 130 million.

Our half-year figures and the confirmation of the guidance make it clear that 2022 was not an exceptional year, but we are capable of generating such high sales and earnings. The positive development will also continue in 2024: we are already forecasting sales of up to EUR 190 million and EBITDA of up to EUR 145 million.

It should be noted that we have managed to achieve this good result despite the fact that prices for oil (-26.5%) and gas (-60%) were massively lower than in the previous year. This effect is related to a 12% increase in production and to the fact that we were able to record hedging income of EUR 1.3 million in the first half of the year, whereas in the previous year we had to report a loss of EUR 26.8 million due to the sharp rise in prices.

We were able to produce 10,533 BOEPD - barrels of oil equivalent per day - in the first half of the year (previous year 9,386 BOEPD). In the first half of the year, this corresponded to total production of 1,906,521 BOE (previous year 1,689,532 BOE). Crude oil accounted for 919,818 barrels (previous year 930,658 barrels), with the remainder coming from natural gas and condensates. All volumes represent the Group's net share. For the full year, we continue to plan production of 11,000 to 12,000 BOEPD. Production in the second half of the year will therefore be around 20% higher than in the first half.

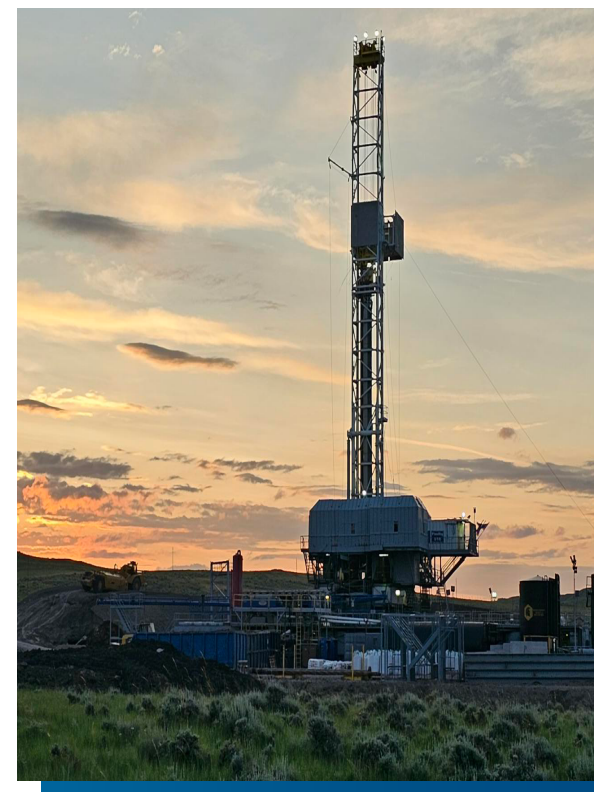
Overall, not only has production continued to increase since last year, but the number of wells has also continued to increase.

Our production has become even more diversified and therefore even more predictable and stable. No single one of our well sites accounts for more than 20% of the Group's production. Overall, we produce around 47% of our oil from 92 operated wells and 53% of oil from around 300 „non-operated“ wells. This reduces dependence on individual production sites and operational processes.

### EQUITY AND HALF-YEAR SALES AT RECORD LEVELS

Consolidated net income for the half year was EUR 21.9 million (previous year: EUR 32.5 million). Sales increased by more than 4% to EUR 75.2 million (previous year: EUR 72.2 million), while EBITDA was slightly lower at EUR 56.0 million (previous year: EUR 64.0 million), mainly due to non-operational reasons such as exchange rate losses and higher one-time income from share sales in the previous year. Our equity is at a record high of EUR 152.0 million (June 30, 2022: EUR 124.7 million). We have also not yet been able to generate sales at this level in the history of the company. In terms of net income, we are slightly behind the 2022 result due to lower prices and the special effects of non-recurring other operating income last year.

Our balance sheet continues to demonstrate a very robust development. In addition to record equity of EUR 152.0 million, the equity ratio was 39.0% in the 1st half (June 30, 2022: 36.9%) despite the high level of investment. The increase is mainly due to the good, consolidated earnings, although at



**DRILL RIG ON 1876'S ETHEL PAD, WYOMING**

the same time the stronger euro has led to a decrease in equity of around EUR 10 million since June 2022. Net debt is unchanged at EUR 88.2 million (June 30, 2022: EUR 88.2 million).

The main contributors to our continued positive development are the good production results of our various drilling projects and the high level of capital expenditure in the past and current year. At the end of the first half of the year, a total of 13 wells drilled in Wyoming by 1876 Resources (formerly Cub Creek Energy) and the joint venture with Oxy had started production. In Utah, there were 8 new wells producing by the end of June. Total investment in drilling in the first half of the year amounted to EUR 86.7 million. These new wells will continue to drive our revenue and earnings in the second half of the year.

Since July, 1876 Resources has drilled an additional 6 wells. The wells will start production in late 2023 or in H1 2024, depending on operational performance and the development of the market environment. 1876 Resources has now succeeded in commencing near-continuous development with these additional wells, following the three Lost Springs wells that have been producing since June. This is important as continuous development can generate efficiencies and therefore lower costs and better utilization of infrastructure.

The ability to more efficiently and cost-effectively develop its own acreage was also one of the key reasons 1876 Resources acquired nearby pipeline infrastructure from a midstream company in May 2023 for a purchase price of approximately USD 14 million. The pipeline connects all of 1876 Resources' existing well sites and also transports gas production from other producers in the region. Currently, the pipeline has a capacity of 5,000 cubic feet (mcf) per day but can be expanded on short notice to transport up to 10,000 mcf/day.

With continued production growth on the 1876 acreage, the revenue impact or cost savings from operating the pipelines could increase to as much as USD 6 million per year. This would require additional capital expenditures of USD 4 million.

In the joint drilling with Oxy, all developments are progressing according to plan. In addition to the Huckleberry well site, two other well sites will start production in Q4 2023 and H1 2024, rounding out our investment of approximately USD 150 million since 2022.

In Utah, activity levels also remained encouragingly high, with 8 wells put on production again demonstrating that the high quality of acreage is driving operators to a rapid pace of development.

## METALS DIVISION

Our Almonty Industries investment reported further progress on the construction of the Sangdong tungsten mine in Korea during the first half of the year. Meanwhile, USD 42.1 million of the low-interest USD 75.1 million loan from KfW-IPEX Bank has been drawn down. This ensures financing for the start-up in 2024. Tungsten APT prices recently remained at around USD 320/mtu, a high level. The strategic relevance of tungsten and the high metallurgical-geological quality of the Sangdong deposit represent a high potential for a successful development of Almonty.

## SHARE AND BONDS

Our share price essentially moved sideways in the first half of the year, closing at EUR 26.9 after being around EUR 25.6 at the beginning of January. By the beginning of August, the

share price had recently risen slightly to around EUR 28.

The 2019/24 bond traded at an average of around 101.2% in the first half of the year and the average price has also been above 101.6% since January 2022. In view of the massive rise in interest rates last year, this testifies to a very high level of confidence on the part of the capital market and also reflects the financial and operational strength of the Deutsche Rohstoff Group. The bond 2019/2024 with a volume of EUR 100 million is due in December 2024. Due to our strong operating performance, the stability of our results and the general market environment, we are examining a timely refinancing of the bond still in 2023. With an early refinancing, we can enter the continuous development of the coming years with a high degree of planning security and make our company even more successful.

Best regards from Mannheim,



Jan-Philipp Weitz  
CEO



Henning Döring  
CFO

	01/01–30/06/2023	01/01–30/06/2022
REVENUES (IN 1,000 EUR)		
OIL REVENUES	60,910	82,614
GAS REVENUES	11,219	14,497
NGL REVENUES	8,757	11,599
PRODUCTION TAX	-7,140	-9,641
PROFIT(+)/LOSS(-) FROM HEDGING	1,436	-26,834
TOTAL REVENUE	75,183	72,235
TOTAL REVENUE (IN 1,000 USD)	81,232	78,290
VOLUMES		
OIL (BBL)	919,818	930,658
GAS (MCF)	3,645,771	2,899,882
NGLS (BBL)	379,075	275,561
BOE	1,906,521	1,689,532
BOEPD	10,533	9,386
OIL (IN USD/BBL)		
AVERAGE WTI PRICE	74.73	101.54
REALIZED PRICE BEFORE HEDGES	70.78	96.26
PROFIT(+)/LOSS(-) FROM HEDGING	1.43	-23.22
REALIZED PRICE AFTER HEDGES	72.21	73.04
GAS (IN USD/MMBTU)		
AVERAGE HENRY HUB PRICE	2.40	6.07
REALIZED PRICE BEFORE HEDGES <sup>1</sup>	3.29	6.21 <sup>2</sup>
PROFIT(+)/LOSS(-) FROM HEDGING <sup>1</sup>	0.07	-1.65 <sup>2</sup>
REALIZED PRICE AFTER HEDGES	3.36	4.55 <sup>2</sup>
OPEX (USD/BOE)	8.28	7.16
DEPLETION (USD/BOE)	13.04	12.07

<sup>1</sup> Derivatives are typically based on a local trading hub and not on HenryHub (e.g. CIG)

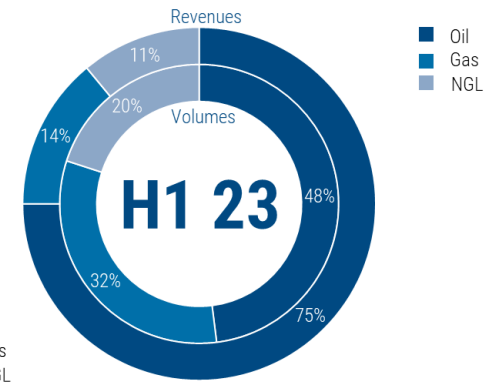
<sup>2</sup> Includes NGL Realization/NGL Volumes

## DEUTSCHE ROHSTOFF GROUP HEDGE BOOK (AS OF 11 AUGUST 2023)

	TOTAL	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Volumes in BBL	1,274,000	281,000	287,500	202,000	165,500	133,000	76,000	47,000	45,000	37,000
Price floor in USD/BBL	74.6	75.2	76.2	74.7	73.7	75.1	74.8	71.0	68.7	71.0
Volumes in MMBtu	1,068,250	325,000	305,000	287,000	151,250					
Price floor in USD/MMBtu	3.6	3.4	3.6	4.0	3.6					

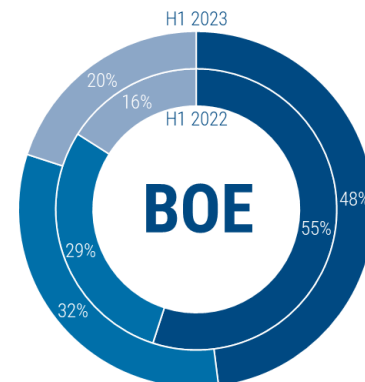
## Revenues and Volumes

by product



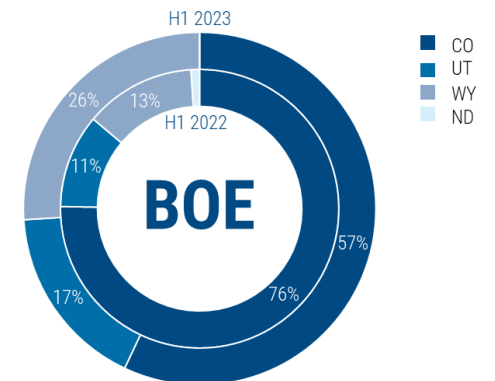
## Volumes

by product



## Volumes

by Region



## CONSOLIDATED BALANCE SHEET (UNAUDITED)

ASSETS	30/06/2023	30/06/2022	31/12/2022
	EUR	EUR	EUR
<b>A. FIXED ASSETS</b>			
I. Intangible assets			
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	30,367,304	31,744,317	32,489,161
2. Goodwill	1,060,378	1,279,936	1,163,358
3. Advanced payments	668,005	0	276,963
	<b>32,095,687</b>	<b>33,024,253</b>	<b>33,929,482</b>
II. Property, plant and equipment			
1. Petroleum extraction equipment	223,601,141	151,320,566	161,897,405
2. Exploration and evaluation	6,592,900	8,117,394	30,357,464
3.	17,588,832	100,912	276,051
4. Plant and machinery	144,043	106,764	108,922
5. Other equipment, furniture and fixtures	20,981,291	32,285,632	0
	<b>268,908,207</b>	<b>191,931,268</b>	<b>192,639,842</b>
III. Financial assets			
1. Equity investments	15,406,652	17,829,285	15,406,652
2. Loans to other investees and investors	6,640,862	5,224,903	6,488,973
3. Securities classified as fixed assets	11,839,280	10,032,233	12,047,919
	<b>33,886,793</b>	<b>33,086,421</b>	<b>33,943,544</b>
<b>B. CURRENT ASSETS</b>			
I. Inventories			
Finished goods and merchandise	129,865	174,500	129,865
	<b>129,865</b>	<b>174,500</b>	<b>129,865</b>
II. Receivables and other assets			
1. Trade receivables	17,937,840	25,629,780	28,649,496
2. Receivables from other investees and investors	0	1,267,247	83,157
3. Other assets	6,033,401	2,350,297	4,884,252
	<b>23,971,241</b>	<b>29,247,324</b>	<b>33,616,904</b>
III. Securities classified as current assets	<b>7,217,319</b>	<b>10,016,664</b>	<b>6,716,587</b>
IV. Bank balances	<b>20,823,444</b>	<b>36,048,311</b>	<b>47,479,228</b>
<b>C. PREPAID EXPENSES</b>	<b>1,688,033</b>	<b>1,826,616</b>	<b>862,904</b>
<b>D. DEFERRED TAX ASSETS</b>	<b>1,125,432</b>	<b>2,432,116</b>	<b>1,008,133</b>
<b>TOTAL ASSETS</b>	<b>389,846,021</b>	<b>337,787,473</b>	<b>350,326,490</b>



## CONSOLIDATED BALANCE SHEET (UNAUDITED)

EQUITY AND LIABILITIES		30/06/2023	30/06/2022		31/12/2022	
		EUR	EUR		EUR	
A.	<b>EQUITY</b>					
I.	Subscribed Capital	5,003,438	5,113,354		5,003,081	
	. / . less nominal value of treasury shares	0	-127,810	4,985,544	0	5,003,081
	Conditional capital EUR 2,400,000 (previous year: EUR 2,200,000)					
II.	Capital reserves	31,259,894	30,853,002		31,250,251	
III.	Retained income	0	0		0	
IV.	Equity differences from currency translation	5,156,930	14,872,771		8,533,708	
V.	Consolidated net retained profit	105,578,078	63,947,327		84,174,402	
VI.	Non-controlling interests	5,044,235	10,004,595		3,403,429	
		152,042,575	124,663,229		132,364,871	
B.	<b>PROVISIONS</b>					
1.	Tax provisions	1,550,707	34,000		1,017,900	
2.	Other provisions	35,764,715	30,030,620		31,634,932	
		37,315,423	30,064,620		32,652,832	
C.	<b>LIABILITIES</b>					
1.	Bonds, thereof convertible EUR 0 (previous year: EUR 9,815,000)	100,000,000	109,815,000		109,815,000	
2.	Liabilities to banks	16,289,343	24,471,648		77,096	
3.	Trade payables	14,752,843	1,904,881		11,375,562	
4.	Other liabilities	27,449,956	19,086,925		28,673,867	
		158,492,142	155,278,454		149,941,526	
D.	<b>ACCRUALS AND DEFERRALS</b>	129,390	216,919		175,057	
E.	<b>DEFERRED TAX LIABILITIES</b>	41,866,492	27,564,251		35,192,203	
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>389,846,021</b>	<b>337,787,473</b>		<b>350,326,490</b>	





## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	01/01/–30/06/2023	01/01/–30/06/2022	01/01/–31/12/2022
	EUR	EUR	EUR
1. REVENUE	75,182,775	72,241,433	165,439,266
2. INCREASE OR DECREASE IN FINISHED GOODS AND WORK IN PROCESS	0	0	-44,635
3. OTHER OPERATING INCOME	3,828,254	9,424,411	25,855,321
4. COST OF MATERIALS	14,619,725	11,122,591	30,443,435
Cost of purchased services	14,619,725	11,122,591	30,443,435
5. PERSONNEL EXPENSES	2,745,085	2,691,475	6,458,333
a) Wages and salaries	2,572,639	2,511,701	6,104,252
b) Social security, pensions and other benefit costs	172,446	179,744	354,081
6. OTHER OPERATING EXPENSES	5,627,364	3,843,677	15,260,516
<b>EBITDA</b>	<b>56,018,855</b>	<b>64,008,101</b>	<b>139,087,668</b>
7. AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	23,440,862	20,995,417	42,167,564
a) auf immaterielle Vermögensgegenstände des Anlagevermögens und Sachanlagen	23,236,141	18,995,188	41,796,800
b) auf Vermögensgegenstände des Umlaufvermögens	0	0	370,764
8. AMORTIZATION OF FINANCIAL ASSETS AND SECURITIES CLASSIFIED AS CURRENT ASSETS	204,721	2,000,229	5,488,660
<b>EBIT</b>	<b>32,577,992</b>	<b>43,012,684</b>	<b>91,431,444</b>
9. OTHER INTEREST AND SIMILAR INCOME	573,607	771,470	1,384,502
10. INTEREST AND SIMILAR EXPENSES	3,470,730	3,621,338	6,877,926
11. INCOME TAXES	7,761,564	7,614,940	19,752,414
12. EARNINGS AFTER TAXES	21,919,304	32,547,876	66,185,605
13. OTHER TAXES	10	0	0
14. <b>NET INCOME (+)</b>	<b>21,919,294</b>	<b>32,547,876</b>	<b>66,185,605</b>
15. PROFIT (-)/LOSS(+) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-515,618	-2,900,029	-5,419,614
16. PROFIT CARRYFORWARD (+)	84,174,402	34,299,480	23,408,411
17. CONSOLIDATED NET RETAINED PROFIT	105,578,078	63,947,327	84,174,402



## CONSOLIDATED CASHFLOW STATEMENT (UNAUDITED)

IN EUR

	01/01–30/06/2023	01/01–30/06/2022	01/01–31/12/2022
<b>NET INCOME FOR THE PERIOD (CONSOLIDATED NET INCOME / LOSS INCLUDING PROFIT SHARES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS)</b>	21,919,294	32,547,876	66,185,605
+/- Write-downs / write-ups of fixed assets	23,236,141	18,995,187	39,790,250
+/- Increase / decrease in provisions	6,656,819	19,928,242	18,882,262
+/- Other non-cash expenses / income	-66,481	-147,676	267,630
-/+ Increase / decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	8,483,011	-1,275,220	-6,679,737
+/- Increase / decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	3,464,596	-13,011,725	9,206,488
-/+ Proceeds from disposals of intangible assets	-328,784	-5,834,957	-10,145,012
-/+ Gains / losses from the disposal of fixed assets	-1,902,298	801,149	1,868,384
+/- Interest expenses / income	2,897,123	2,849,868	5,493,424
+/- Income taxes paid / received	7,761,564	7,746,532	17,862,778
-/+ Income tax payments	-1,051,812	0	0
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	71,069,173	62,599,276	142,732,073
+ Cash received from disposals of intangible assets	325,868	0	0
- Cash paid for investments in intangible assets	-900,231	-1,926,128	-6,034,493
+ Proceeds from disposals of intangible assets	0	0	6,490,002
- Cash paid for investments in property, plant and equipment	-103,354,363	-56,919,765	-82,915,052
+ Cash received from disposals of fixed financial assets	592,889	9,432,092	11,326,932
- Cash paid for investments in fixed financial assets	0	-3,720,994	-3,720,994
+ Cash received in connection with short-term financial management of cash investments	8,929,486	8,366,985	18,426,899
- Cash paid in connection with short-term financial management of cash investments	-7,527,920	-8,392,935	-16,368,259
+ Interest received	67,772	470,834	630,721
+ Dividends received	162,813	0	0
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>	-101,703,686	-52,689,911	-72,164,244
+ Proceeds from contributions to equity by shareholders of the parent company	0	0	97,800
+ Cash received from equity contributions by other shareholders	1,340,082	88,382	88,382
- Cash from decrease in equity	-23,564	0	-16,358,904
+ Cash received from the issue of bonds and from loans	16,349,465	14,747,919	21,334,379
- Cash repayments of bonds and loans	-9,805,000	0	-29,438,977
- Interest paid	-3,128,778	-3,737,285	-6,725,238
- Dividends paid to shareholders of the parent company	0	0	-2,665,791
- Dividends paid to other shareholders	-47,899	-420,007	-1,063,318
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>	4,684,305	10,679,009	-34,731,666
Change in cash and cash equivalents	-25,950,208	20,588,374	35,836,159
+ / - Changes in cash and cash equivalents due to exchange rates and valuation	-628,479	1,520,643	-44,738
+ Cash and cash equivalents at the beginning of the period	47,402,131	11,610,709	11,610,709
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	20,823,444	33,719,726	47,402,131

# GROUP MANAGEMENT REPORT

The following is an abridged management report which mainly deals with deviations from the 2022 consolidated financial statements. For a detailed presentation, please refer to the Annual Report 2022 and the extensive management report contained therein.

## I. FUNDAMENTAL INFORMATION OF THE GROUP

Deutsche Rohstoff AG, Mannheim, (hereinafter „Deutsche Rohstoff AG“) is a stock corporation under German law. The Company is registered in the Commercial Register at the Local Court of Mannheim under number HRB 702881 and has its registered office at Q7, 24 Mannheim, Germany. The shares of Deutsche Rohstoff AG have been listed in the Scale Segment of the Frankfurt Stock Exchange since March 1, 2017 (ISIN: DE000A0XYG76).

## FORWARD LOOKING STATEMENTS

This management report contains forward-looking statements. These statements reflect the company's own assessments and assumptions - including those of third parties (such as statistical data relating to the industry and global economic developments) - as of the date they were made or as of the date of this report. Forward-looking statements are always subject to uncertainties. If the estimates and assumptions prove to be incorrect or only partially correct, actual results may differ - even significantly - from expectations.

## 1. BUSINESS MODEL

### AT A GLANCE

- Core business: focus on oil and gas production („upstream“) in the USA
- Portfolio in the „Midstream“ segment and lithium exploration further expanded

The Deutsche Rohstoff Group is active in the production of crude oil and natural gas. It also participates in exploration and mining projects in the field of strategic metals and raw

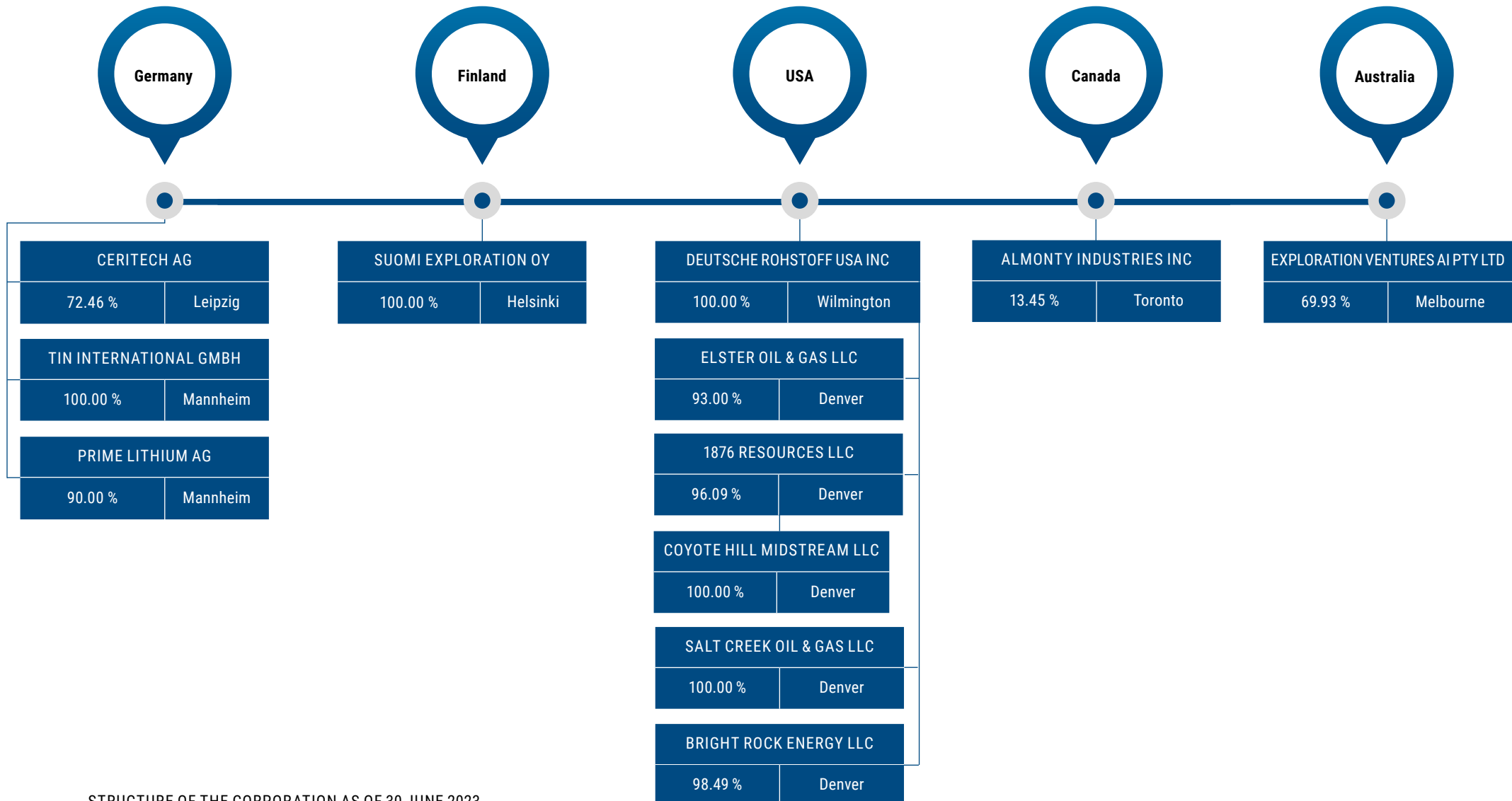
materials. It focuses its activities on countries that have a stable political and legal system. In fiscal 2023, all operations were located in the USA, Australia, Western Europe, Canada and South Korea. The Group is present in these countries through subsidiaries, investments or cooperation agreements. As the parent company, Deutsche Rohstoff AG manages the Group, initiates new projects and advises on ongoing projects, establishes subsidiaries and invests in companies. It also finances activities or procures financing partners, decides on new investments and divestments, and handles public relations. Experienced managers, mostly specialized engineers and geologists with many years of experience in the industry, are responsible for the operational business on site.



IN MAY 2023 ACQUIRED GAS PIPELINES, WYOMING

# Deutsche Rohstoff AG

Mannheim



STRUCTURE OF THE CORPORATION AS OF 30 JUNE 2023

As of June 30, 2023, the Deutsche Rohstoff Group consisted of the following material Group companies and investments. Material subsidiaries and investments are those which are intended to be held on a permanent basis.

Compared with the Annual Report 2022, there have been the following changes in the legal structure of the Group and in the amounts of the shareholdings:

- At the end of January 2023, Deutsche Rohstoff AG and its Australian partner SensOre (ASX: S3N) founded the Australian subsidiary Exploration Ventures AI Pty Ltd („EXAI“). The company is focused on the exploration of lithium in the state of Western Australia. Deutsche Rohstoff AG holds a stake of approximately 70% in the company.
- In May, 1876 Resources formed a subsidiary, Coyote Hill Midstream LLC, which operates gas transmission and water delivery infrastructure in the form of pipelines and water basins for both its own wells and third-party contractors.
- The share in the subsidiary 1876 Resources LLC decreased slightly from 97.67% to 96.09% due to management shareholdings.
- The share in Prime Lithium AG was reduced to 90% due to a management investment.

As of June 30, 2023, the companies shown in the chart Almonty Industries Inc. were carried as investments. All other companies were fully consolidated.

The Company **1876 Resources** produced in the Powder River Basin in Wyoming on acquired acreage in addition to the Den-

ver-Julesberg Basin in Colorado through June 30, 2023. At the end of 1H 2023, 1876 also brought independent oil wells in Wyoming on production for the first time as operator.

**Elster Oil & Gas** continued to operate exclusively in the production of crude oil in the Denver-Julesberg Basin in Colorado in the first half of 2023. As a non-operator (so-called „non-op“), Elster Oil & Gas is only involved in oil drilling operations of other companies.

**Bright Rock Energy** had acquired acreage in the Powder River Basin in Wyoming in 2020. In October 2021, the Company drilled its first well as operator on this acreage. It is currently preparing to drill additional wells.

**Salt Creek Oil & Gas** recorded the startup of an additional 10 „non-op“ oil wells in its joint ventures with Occidental Petroleum in Wyoming late in the first half of 2023.

**Coyote Hill Midstream LLC** is the newly formed subsidiary of 1876 Resources in the second quarter of 2023 with the business model of providing oil and gas infrastructure. In addition to 59.3 kilometers of pipeline, storage tanks and engineered facilities, this includes water basins. The pipeline connects all of 1876's existing well sites and also transports gas production from other producers in the region.

**Almonty Industries**, an investment specializing in tungsten mining, operated the Panasqueira mine in Portugal in 2023 and is also developing other tungsten projects. The company's largest project, the Sangdong mine in South Korea, is scheduled to start production in 2024.

**Ceritech AG** has been held as a „shell company“ since the

introduction of the shares to the open market of the Düsseldorf Stock Exchange with the intention of bringing its own or a third party business into the Company.

At the middle of the year, **Tin International GmbH** only had loans receivable that were extended to intra-group companies for new projects.

The Australian subsidiary **Exploration Ventures AI Pty Ltd („EXAI“)**, established at the end of January 2023, is focused on the exploration of lithium in the state of Western Australia. As of June 30, four exploration projects have been signed under farm-ins and one proprietary license.

**Prime Lithium AG** operates a development project for the processing of lithium precursors into high-purity lithium products.

**Suomi Exploration Oy**, Finland, which was established in the previous year, is pursuing an early-stage metals exploration project in Finland.

In the 1st half of 2023, the Group generated revenues almost exclusively from the production of crude oil and natural gas in the USA. In addition to revenues from commodity production and associated rights, e.g. royalties, the business model also consists of the favorable acquisition, development and sale of commodity projects.



## II. ECONOMIC REPORT

### 1. MACROECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

#### AT A GLANCE

- Economic growth of 3.0% worldwide and 1.8% in North America in 2023
- Average oil price of USD 74.77/bbl behind previous year but on forecast

#### GLOBAL ECONOMIC DEVELOPMENT

Despite the still tense situation in the global economy, the IMF again slightly revised its growth forecasts for the current year upwards in its World Economic Outlook of July 2023 (April 2023: +0.2%). For 2023 as a whole, the IMF now expects global economic output to grow by 3.0% (2022: 3.4%). For the industrialized nations, the expected growth rate is 1.5% (2022: 2.7%), while the growth rate for the emerging and developing countries is expected to be 4.0% (2022: 4.0%).

Economic growth for our sales market in North America has been adjusted by 0.2% compared with the IMF report of April 2023 to a forecast growth rate of 1.8%, which is accordingly above the level of the average for industrialized countries.

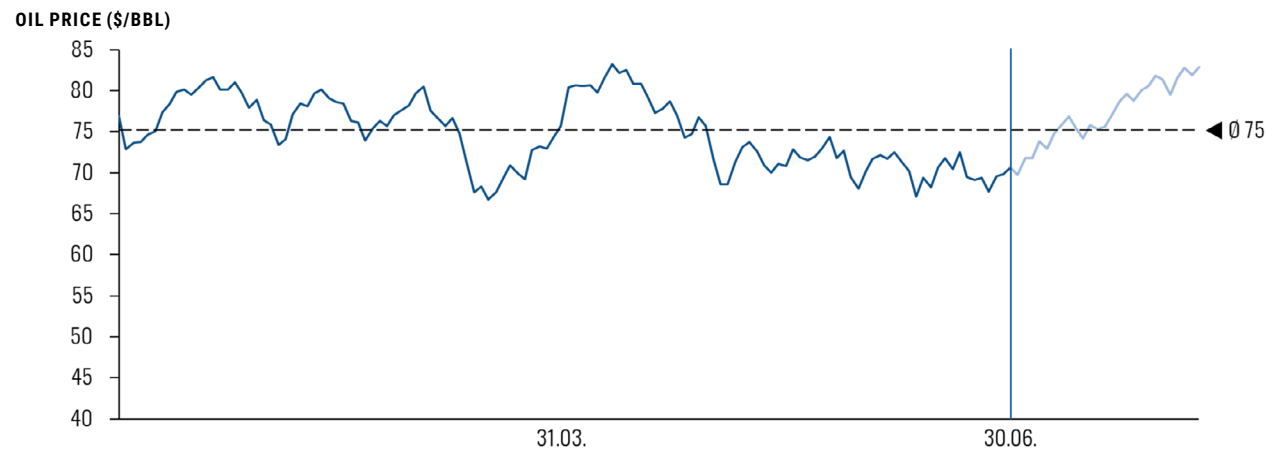
#### DEVELOPMENT OF PRICES FOR OIL AND GAS

In the first half of 2023, global demand for oil and gas showed a positive trend and returned to pre-COVID-19 pandemic levels. According to IEA forecasts, it will increase up to 102.1 million BOPD by the end of the year, which would represent a new all-time high. However, supply could not be increased to the same extent for several reasons. The main reasons for this limited supply increase included insufficient investment in new production areas in North America, capacity constraints in many OPEC+ countries, and deliberate volume reduction by OPEC+ countries. Production cuts by OPEC+ countries are still expected in the second half of 2023, contributing to continued excess demand.

During the first half of 2023, the oil price was subject to fluctuations and oscillated several times between 84.23 and

66.74 USD/bbl, with a decreasing trend. As of June 30, 2023, the closing price was 70.64 USD/bbl. Since the cut-off date of June 30, OPEC+ countries' production cuts and demand have shown effect, so the price has increased towards 83.00 USD/bbl in the first weeks of the second half of 2023. For the half-year, WTI averaged 74.77 USD/bbl, 21.2% below the 2022 average (94.90 USD/bbl) but very close to the 75 USD/bbl assumed for our forecast.

The average gas price (Henry Hub) recorded a sharper decline from USD 6.45/MMBTU in 2022 to USD 2.48/MMBTU as of June 30, 2023. Volatility observed in the previous year, related to supply uncertainties caused by the Ukraine war, led to price spikes of up to USD 9.85/MMBTU. However, the first half of 2023 showed a significant calming down in terms of both volatility and congestion not least due to a very mild winter (ave-



rage gas price first half of 2023 2.40 USD/MMBTU).

The most important industrial metal for us due to our significant shareholding in Almonty is tungsten. After the tungsten APT price had risen significantly to USD 335 in 2022, it amounted to USD 320 as of June 30, 2023.

## THE INFLUENCE OF CURRENCY CHANGES

Changes in exchange rates have a significant impact on the Group's business performance. The EUR/USD exchange rate is of particular importance, as all major commodities are invoiced in USD. A stronger USD means that raw materials outside the USA become more expensive. After an opening rate of 1.070 EUR/USD, the USD lost some strength against the EUR over the course of the first half of the year, bottoming out at 1.107 EUR/USD in early May. The average rate for the first half of 2023 was 1.081 EUR/USD, around 2.6% above the average rate for 2022 (1.053 EUR/USD).

## 2. BUSINESS PERFORMANCE

### AT A GLANCE

- **Production: record volume of over 10,500 BOEPD achieved**
- **Oil & Gas: Start of production from new wells points to strong second half of the year**
- **Metal Division: Future projects developing positively**

## CORE BUSINESS OIL AND GAS

Compared to the previous year, oil and gas production was again increased in the first half of 2023. Daily production compared to the previous year climbed by 12.2% from 9,386 BOEPD to 10,533 BOEPD, a new record for the Deutsche Rohstoff Group. Production at all subsidiaries was on schedule in 2023, with expected results delivered, new wells brought on production ahead of schedule and further drilling programs initiated. For the full year, the Group is planning production of 11,000 to 12,000 BOEPD, with a significant further increase in H2.

Salt Creek Oil & Gas, the subsidiary specializing in the „Non-Op“ business, has recorded the commissioning of 10 additional wells at the „Huckleberry“ well site in the Powder River Basin in Wyoming in the first half of 2023, earlier than originally planned, in its joint venture with the US company Occidental Petroleum („Oxy“). This will be followed by 15 additional wells at the „Woody“ and „William“ well sites starting production in the second half of 2023 (5 wells) and early 2024 (10 wells).

1876 Resources' production in Colorado and Wyoming developed according to plan. In Wyoming, the first three wells on the Lost Springs well site were also brought on stream slightly ahead of schedule. The acquisition of 59.3 kilometers of gas pipeline and the construction of water basins also laid the foundation for independent and efficient development of the remaining drilling acreage. Late in the second quarter, 1876 Resources contracted for a drilling rig for an additional 6 wells, which commenced in July and will be drilled on two well sites.

Bright Rock Energy's focus is on the continued development of the approximately 34,800 acre land package in Wyoming. There are over 200 wells possible on these acres for which management is preparing a potential drilling program. Drilling from the Buster well site, which began production in October 2021, continued to deliver very positive results in H1 2023.

## METALS DIVISION

The investment portfolio in the metals sector was further expanded in the direction of lithium, in addition to the long-standing investment in Almonty in the tungsten sector. In Western Australia, exploration of lithium deposits was started together with SensOre. The subsidiary Prime Lithium AG continued the development project for processing lithium precursors. Both lithium projects are still at a very early stage, so that the probability of success of the projects cannot yet be reliably assessed from today's perspective.

### Almonty Industries

With the construction and commissioning of the South Korean Sangdong Mine, Almonty aims to become by far the largest tungsten producer outside China. The mine is expected to start production during 2024. The construction is being co-financed by KfW IPEX-Bank with a USD 75 million low-interest loan.

In the year to date, Almonty reported a 13.4% increase in sales compared to the previous year due to production from the Panasqueira mine. Earnings were negatively impacted by financing and interest expenses. In Q2 2023, the 4th tranche of

KfW financing was drawn.

### Shares Northern Oil & Gas

The sale of shares in Northern Oil and Gas Inc. (NOG) generated income of EUR 0.3 million in the first half of 2023. This increased the contribution to earnings from the sale of NOG shares and the share portfolio established since April 2020 to a total of over EUR 23 million. As of June 30, there was still unrealized income of EUR 6.0 million, of which EUR 2.7 million from NOG shares.

## 3. FINANCIAL PERFORMANCE, FINANCIAL POSITION AND ASSETS AND LIABILITIES

### FINANCIAL PERFORMANCE

#### AT A GLANCE

- Sales revenue up 4.1% to EUR 75.2 million (June 30, 2022: EUR 72.2 million)
- EBITDA and net income develop according to plan

### Selected income statement data

IN MILLION EUR	H1 2023	H1 2022	IN %
Sales Revenues	75.2	72.2	4.1%
Total Operating Performance <sup>1</sup>	79.0	81.7	-3.3%
Gross profit <sup>2</sup>	64.4	70.5	-8.7%
EBITDA <sup>3</sup>	56.0	64.0	-12.5%
EBIT	32.6	43.0	-24.3%
Earnings before Taxes	29.7	40.2	-26.1%
Net Income	21.9	32.5	-32.7%
– EBITDA Margin	74.5%	88.6%	
– Gross profit margin	85.6%	97.6%	
Earning per Share	4.28	5.80	-26.2%

1. Total operating performance is defined as net sales plus increase or decrease in inventories of finished goods and work in progress plus own work capitalized plus other operating income plus income from disposals/discontinued operations.
2. Gross profit is defined as total output less cost of materials.
3. EBITDA is defined as earnings for the period before interest, taxes, depreciation and amortization of tangible and intangible assets, and write-downs of non-current and current securities.  
EBIT is defined as earnings before interest and taxes for the period.

### Sales and earnings

Despite lower prices for oil (-26.5%) and gas (-60.0%) and a somewhat weaker US dollar, sales revenues increased by 4.1% to EUR 75.2 million compared to the previous year. This was due, on the one hand, to the 12.2% increase in oil and gas volumes produced to an average of 10,533 BOEPD (previous year: 9,386 BOEPD). On the other hand, gains from hedging transactions for oil and gas amounting to EUR 1.3 million (previous year: loss of EUR 26.8 million) contributed to this.

The main component of other operating income amounting to EUR 3.8 million (previous year: EUR 9.4 million) is income from the sale of shares.

Total operating performance of EUR 79.0 million (previous year: EUR 81.7 million) was offset by expenses of EUR 23.0 million (previous year: EUR 17.7 million), resulting in EBITDA of EUR 56.0 million (previous year: EUR 64.0 million).

### Operating Costs

The cost of materials includes the operating costs of oil and

gas wells and amounted to EUR 14.6 million (previous year: EUR 11.1 million). Per output volume produced (BOE), operating costs fell by 8.5% compared to 2022 from 9.04 USD/BOE to 8.28 USD/BOE. In the first half of 2022, they were 7.16 USD.

The Group's personnel expenses remained at approximately the same level as the previous year.

Other operating expenses increased by EUR 1.8 million to EUR 5.6 million (previous year: EUR 3.8 million) and include costs of general administration amounting to EUR 2.1 million (including for insurance, rent, IT systems, monetary transactions, the Annual General Meeting, investor relations, committees, travel expenses, external accounting in the USA), losses from the sale of shares in mining companies held by Deutsche Rohstoff AG of EUR 0.6 million EUR, foreign exchange losses of EUR 1.0 million, legal and consulting fees of EUR 0.8 million, additions to provisions for obligations to recultivate land after completion of mining activities of EUR 0.6 million, and costs for project development and exploration activities of EUR 0.3 million. Net exchange rate effects recognized in profit or loss amounted to a loss of EUR 0.6 million (previous year: gain from net exchange rate effects of EUR 2.2 million).

Earnings before interest, taxes, depreciation and amortization (**EBITDA**) amounted to EUR 56.0 million in the first half of 2023 (previous year: EUR 64.0 million). The reduction of EUR 8.0 million is not due to operating effects. In the 1st half of 2022, very high other operating income was generated by share sales and exchange rate gains. In H1 2023, EUR 4.3 million lower income from share sales was recognized in addition to EUR 2.8 million in net foreign exchange losses and EUR 2.5 million one-time charge from revenues to be paid out

to other shareholders of the Knight drilling site. The **EBITDA margin** decreased year-on-year from 88.6% in H1 2022 to 74.5%.

### Depreciation

Depreciation and amortization of EUR 23.4 million (previous year: EUR 21.0 million) almost exclusively represents write-downs on the fixed assets of the producing oil and gas facilities in the USA. Depreciation and amortization per BOE was USD 13.04 in the first half of 2023, up 8.0% year-on-year (USD 12.07/BOE) and 4.5% for the full year 2022.

Earnings before interest and taxes (**EBIT**) amounted to EUR 32.6 million (previous year: EUR 43.0 million).

### Financial result and taxes

The financial result includes interest payments on the outstanding bond at the level of Deutsche Rohstoff AG and interest payments to a US bank in connection with the lending of reserves. The expense was offset by interest income and income from investments.

The tax result was EUR -7.8 million (previous year: EUR -7.6 million) and mainly includes the deferred tax expense on the results of the US subsidiaries.

### Consolidated net income and earnings per share

Consolidated net income for the year was EUR 21.9 million (previous year: EUR 32.5 million). With 5,003,438 shares (previous year: 5,113,354), this results in earnings per share after deduction of minority interests of EUR 4.28 (previous year: EUR 5.80).

## ASSETS AND LIABILITIES

### AT A GLANCE

- Total assets increase by 11.3% to EUR 389.8 million as a result of investing activities
- Equity ratio increased by 1.2 percentage points to 39.0 percent

### Development of assets

Table page 18

### Property, plant and equipment and intangible assets

The Group's total assets increased from EUR 350.3 million to EUR 389.8 million in the first half of 2023. Property, plant and equipment increased from EUR 101.7 million at to EUR 268.9 million at due to the high level of capital expenditure. Intangible assets decreased slightly from EUR 33.9 million to EUR 32.1 million and, as of June 30, 2023, consist of subsidy rights in the amount of EUR 30.4 million (previous year: EUR 32.5 million) and goodwill in the amount of EUR 1.1 million (previous year: EUR 1.2 million). Property, plant and equipment mainly comprises the producing oil production facilities in the amount of EUR 223.6 million (previous year: EUR 161.9 million).

### Development of financial assets and receivables

TAB. DEVELOPMENT OF ASSETS

	30/06/2023		31/12/2022		CHANGE	
	IN MILLION €	IN %	IN MILLION €	IN %	IN MILLION €	IN %
Fixed Assets	334.9	85.9	260.5	74.4	74.4	28.6
Current Assets	52.1	13.4	87.9	25.1	-35.8	-40.7
– thereof cash and cash equivalents	28.0	7.2	54.2	15.5	-26.2	-48.3
TOTAL ASSETS	389.8		350.3		39.5	11.3

TAB. DEVELOPMENT OF EQUITY AND LIABILITIES

	30/06/2023		31/12/2022		CHANGE	
	IN MILLION €	IN %	IN MILLION €	IN %	IN MILLION €	IN %
Equity	152.0	39.0	132.4	37.8	19.7	14.9
Liabilities	158.5	40.7	149.9	42.8	8.6	5.7
Provisions	37.3	9.6	32.7	9.3	4.7	14.3
Total Equity and Liabilities	389.8		350.3		39.5	11.3

The main components of financial assets are the shares in Almonty Industries amounting to EUR 15.4 million (previous year: EUR 15.4 million) and loans in the form of loans and convertible bonds to Almonty Industries amounting to EUR 14.5 million (previous year: EUR 14.2 million).

Receivables with a term of up to one year and other assets amounted to EUR 24.0 million as of June 30, 2022 (previous year: EUR 33.6 million). The main item here is trade receivables with a value of EUR 17.9 million. (previous year: EUR 28.6

million).

#### Cash and cash equivalents

Marketable securities amounted to EUR 7.2 million (previous year: EUR 6.7 million). Bank balances amounted to EUR 20.8 million (previous year: EUR 47.5 million).

#### Development of Equity and Liabilities

Table on this page.

#### Increase in equity

Equity increased to EUR 152.0 million as a result of the consolidated net income as of June 30, 2023 (December 31, 2022: EUR 132.4 million). The equity ratio thus amounts to 39.0% in the financial year (December 31, 2022: 37.8%).

**Provisions** amounted to EUR 37.3 million as of June 30, 2023 (Dec. 31, 2022: EUR 32.7 million) and mainly relate to local taxes not yet due for the U.S. oil and gas companies, services not yet invoiced by oilfield service companies, and provisions for dismantling obligations of the U.S. subsidiaries.

#### Development of liabilities

The bond with a volume of EUR 100.0 million (Dec. 31, 2022: two bonds with a volume of EUR 109.8 million) comprises the non-convertible, bullet bond with a term until December 6, 2024 and bears interest of 5.25%. In the 1st half of the year, a convertible bond with a volume of EUR 9.8 million was repaid on schedule.

In the USA, a reserve-based lending facility (RBL) of USD 17.7 million was drawn down at the reporting date to finance drilling activities in Wyoming. As of June 30, 2023, there were unused RBLs at 1876 Resources and Salt Creek Oil & Gas in the combined amount of USD 62.3 million.

Other liabilities of EUR 27.4 million (Dec. 31, 2022: EUR 28.7 million) result from tax liabilities and revenue payments at 1876 Resources that are still payable to royalty owners and partner companies involved in the drilling projects.

The deferred tax liabilities of EUR 41.9 million (Dec. 31, 2022: EUR 35.2 million) result from the tax treatment of oil and gas



wells in the U.S.A., for which U.S. tax law partly allows early amortization, which is associated with the recognition of deferred tax liabilities.

## FINANCIAL POSITION

### AT A GLANCE

- Cash and cash equivalents of EUR 28.0 million
- Available credit lines in the USA at USD 62.3 million as of the reporting date

### Funding

The share capital of Deutsche Rohstoff AG amounted to EUR 5,003,438 as of June 30, 2023 (December 31, 2022: EUR 5,003,081). It is divided into EUR 5,003,438 no-par value registered common shares with a pro rata amount of the share capital of EUR 1.00 per share. All shares are fully paid up.

In H1 2023, no stock options from past stock option programs were exercised (2022: 5,000 options) and no new stock options were issued (2022: 96,500 options).

Deutsche Rohstoff AG had a non-convertible bond 2019/2024 (WKN A2YN3Q) with a total volume of EUR 100.0 million outstanding at June 30, 2023. The coupon amounts to 5.25% and is paid semi-annually. The bond matures on December 6, 2024. In the first half of 2023, it traded between 99.00 and 102.90 percent, with an average of 101.24 percent.

During the year, the Group's US companies increased their

loan liabilities by USD 17.7 million and had undrawn credit lines of USD 62.3 million at the reporting date.

### Cash and Cash equivalents

As of June 30, 2023, cash and cash equivalents including marketable securities in the Group amounted to EUR 28.0 million (December 31, 2022: EUR 54.2 million). Cash and cash equivalents correspond to cash at banks less current account liabilities at banks.

### Cashflow

Cash flow from operating activities amounted to EUR 71.1 million in the first half of 2023 (previous year: EUR 62.6 million). This positive cash flow mainly resulted from sales of the US subsidiaries 1876 Resources (EUR 40.2 million), Elster Oil & Gas (EUR 3.8 million), Salt Creek Oil & Gas (EUR 26.9 million) and Bright Rock Energy (EUR 4.2 million). Cash income was offset by cash expenses from operating activities, primarily for well operating costs (EUR 14.6 million) and personnel expenses (EUR 2.7 million). The gain on the disposal/valuation of marketable securities (EUR 2.4 million) is fully eliminated from the operating cash flow and appears in the investing section of the cash flow statement.

Cash flow from investing activities in the first half of 2023 is mainly characterized by investments in the US oil and gas activities and in infrastructure (gas pipeline). Investments at 1876 Resources amounted to EUR 51.5 million and at Salt Creek Oil & Gas to EUR 51.8 million.

Cash flow from financing activities amounted to EUR 4.7 million (EUR 10.7 million). Here, the cash inflows from taking up credit lines in the USA in the amount of EUR 16.3 million are

mainly offset by the cash outflows from the repayment of the convertible bond in the amount of EUR -9.8 million and for interest paid in the amount of EUR 3.1 million and the cash inflows from minority shareholders in the USA (EUR 1.3 million).

From today's perspective, the Board of Management believes that the Deutsche Rohstoff Group will continue to be in a position to meet its future obligations at all times and to make investments on the basis of very good equity and liquidity resources.

## NON-FINANCIAL PERFORMANCE INDICATORS

Management strives to completely avoid incidents in the area of HSE (Health, Safety, Environment). There are clear and detailed rules that employees and visitors must observe. The number of incidents in this area is the main non-financial performance indicator. There were no such incidents in the Group last year. In this respect the target was achieved.

## OVERALL STATEMENT

The first half of 2023 was very encouraging for the Deutsche Rohstoff Group and on track to generate the forecast sales of up to EUR 170 million and EBITDA of up to EUR 130 million.

Despite lower oil and gas prices and the slightly weaker exchange rate, sales increased again thanks to production growth of over 12% and a significantly improved hedging result.

The strong investments in new well pads, which started production earlier than planned, laid the foundation for further production growth in the second half of the year. In total, EUR 86.7 million was invested in oil & gas wells and EUR 16.7 million in infrastructure by June 30, 2023. Of this amount, approximately EUR 49.6 million was invested in the drilling program with Oxy, approximately EUR 17.1 million in infrastructure and approximately EUR 37.1 million in drilling in Wyoming and in non-operated wells of other companies.

After an average daily production of over 10,500 BOEPD, we expect production to increase by around 20% in the second half of the year to an average of 11,000 to 12,000 BOEPD.

Consolidated net income amounted to EUR 21.9 million at the end of the first half of the year (previous year: EUR 32.5 million), while EBITDA was slightly lower at EUR 56.0 million (previous year: EUR 64.0 million), in particular due to non-operating effects such as higher income from share sales in the previous year and exchange rate losses. Equity increased to EUR 152 million (Dec. 31, 2022: EUR 132.4 million) and the equity ratio to 39.0%.

Activities in the metals sector also advanced in the 1st half 2023. Almonty Industries continued construction of the important Sangdong Mine in Korea and was again able to access project financing from KfW-IPEX Bank. The early-stage exploration of potential lithium exploration targets in Western Australia, newly established together with SensOre, has now secured half a dozen acreage packages under farm-in agreements. These projects, as well as Prime Lithium AG's development project to process lithium precursors into high purity lithium products, are early stage projects with the potential to

form the revenues of „the day after tomorrow“ alongside the core oil and gas business.

With the further strengthened financial figures, the freshly started and further projects both in the core business oil and gas and in the future projects e-metals and the strategic raw material tungsten, we believe we are well equipped to continue our successful business model.

### III. FORECAST, OPPORTUNITY AND RISK REPORT

For the full year 2023 and the year 2024, the forecast is not adjusted, but the Executive Board assumes that the results in 2023 will rather be in the upper range of the forecast of the „base scenario“. The capital expenditure budget as part of the Utah and Wyoming drilling guidance remains at approximately EUR 200 million for 2023 and 2024, of which EUR 120 million to EUR 130 million is expected to be spent in 2023.

### IV. SUPPLEMENTARY REPORT

No events of particular significance or with a significant impact on the results of operations, financial position or net assets occurred after the balance sheet date of which the Executive Board is aware.

Mannheim, August 15, 2023

The Executive Board

Jan-Philipp Weitz

Henning Döring

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL PRINCIPLES

The registered office of the parent company Deutsche Rohstoff AG is in Mannheim. The company is entered in the register of the Mannheim Local Court under number HRB 702881.

The half-year consolidated financial statements of Deutsche Rohstoff as of June 30, 2023 have been prepared in accordance with the accounting provisions of the German Commercial Code (HGB) (sections 290 et seq.). The half-year consolidated financial statements do not contain all the disclosures and notes required for the consolidated financial statements and should be read in conjunction with the consolidated financial statements as of December 31, 2022.

The consolidated income statement was prepared in the reporting period using the nature of expense method. The accounting policies applied in the preparation of the half-year consolidated financial statements correspond to those applied in the preparation of the consolidated financial statements for the fiscal year ended December 31, 2022. Please refer to the notes to the consolidated financial statements for the fiscal year January 1, 2022 to December 31, 2022, printed in the Annual Report 2022, page 53 et seqq. (hereinafter: Annual Report). The interim consolidated financial statements are presented in euros (EUR). Unless otherwise stated, all figures have been rounded up or down to the nearest euro (EUR) using commercial rounding principles. Please note that differences may arise from the use of rounded amounts and percentages. These interim consolidated financial statements have not been audited.

## 2. SCOPE OF CONSOLIDATION

The scope of consolidation has changed as follows as of June 30, 2023, compared with December 31, 2022. The Australian subsidiary Exploration Ventures AI Pty. Ltd. was included in the scope of consolidation. As of June 30, 2023, the shareholding in this company amounts to 69.93%. The interest in 1876 Resources LLC has decreased from 97.67% as of December 31, 2022 to 96.09% as of June 30, 2023 and is based on management's interest. Furthermore, the interest in Prime Lithium AG has reduced from 100% to 90% due to management interest.

## 3. CURRENCY CONVERSION

Assets and liabilities denominated in foreign currencies were translated at the average spot exchange rate on the balance sheet date. Where the remaining term to maturity is more than one year, the realization principle and the historical cost principle have been applied. With the exception of equity, the asset and liability items in the financial statements prepared in foreign currencies have been translated into euros at the average spot exchange rate on the reporting date. Equity has been translated using historical exchange rates. Income statement items have been translated into euros using average exchange rates. The resulting translation difference is shown within consolidated equity under the item „Equity difference from currency translation“.

## 4. NOTES TO THE CONSOLIDATED BALANCE SHEET

In the following, only those items are listed for which there are significant changes in the half-year from January 1 to June 30, 2023 compared with the previous year (December 31, 2022). Otherwise, reference is also made here to the explanations in the Annual Report.

### 4.1. FIXED ASSETS

As of June 30, 2023, Producing Petroleum Assets and Mines has increased by EUR 61.7 million compared to December 31, 2022 due to the start of production at thirteen new wells.

Furthermore, the item „Infrastructure“ shows the acquisition costs in connection with the purchase of the pipeline infrastructure and the construction of water basins by the company 1876 Resources LLC in the amount of EUR 17.1 million.

As of June 30, 2023, book values of EUR 21.0 million are shown under the item Advance payments and assets under construction. This position includes the further payments from Salt Creek Oil & Gas in connection with the joint venture with the US oil and gas producer Occidental on the participation in 15 wells in the Powder River Basin/Wyoming.

Financial assets amount to EUR 33.9 million (June 30, 2022: EUR 33.1 million).

## 4.2. CURRENT ASSETS

Receivables of approximately EUR 24.0 million (June 30, 2022: EUR 29.2 million) are largely comprised of trade receivables of EUR 17.9 million (June 30, 2022: EUR 25.6 million) resulting from outstanding oil and gas production sales.

Cash and cash equivalents and marketable securities totaled EUR 28.0 million at the end of the first half of the year (June 30, 2022: EUR 46.1 million).

## BANK BALANCES

The item „Cash at banks“ decreased from EUR 47.5 million as of December 31, 2022 to EUR 20.8 million as of June 30, 2023, mainly due to the repayment of the convertible bond by Deutsche Rohstoff AG and the investment activities in the US subsidiaries.

## 4.3. EQUITY

Equity amounts to EUR 152.0 million as of June 30, 2023 (December 31, 2022: EUR 132.4 million). The equity ratio amounts to 39.0% (December 31, 2022: 37.8%). Compared to December 31, 2022, the share capital increased by EUR 357.00 to EUR 5,003,438.00. This increase results from conversions in connection with the convertible bond 2018/23 and the related share issue at EUR 28.00/share. The capital reserve increased by EUR 9,643.00 compared to December 31, 2022 and is also based on the conversions in connection with the convertible bond 2018/23.

The item „Equity differences from currency translation“ mainly comprises the translation differences from the currency translation of the asset and liability items of the financial

statements prepared in US dollars as of the reporting date and the currency translation of the income statements prepared in US dollars at the average exchange rate. Due to the increase in the U.S. dollar exchange rate, this item decreased by EUR 3.4 million compared with December 31, 2022, so that it now amounts to EUR 5.2 million as of June 30, 2023.

## 4.4. LIABILITIES

The total amount of the bond is EUR 100.0 million. Deutsche Rohstoff AG repaid the convertible bond with a remaining volume of EUR 9.8 million on schedule in March 2023. The remaining, non-convertible and bullet bond matures on December 6, 2024 and bears interest of 5.25%.

Bank borrowings amount to EUR 16.3 million (USD 17.7 million) at June 30, 2023 and relate to the loan Salt Creek Oil & Gas entered into with BOKF N.A. to finance oil and gas drilling in the joint venture with Occidental. Accounts payable amount to 16.3 million at June 30, 2023. Other liabilities amount to EUR 27.4 million. They are related to the outstanding payments for royalties to landowners and the distribution of revenue to minor partners as well as the interest liabilities from the bond. Provisions amount to approximately EUR 37.3 million. They were formed for production taxes and investments of the US subsidiaries.

## 4.5. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

There were no contingent liabilities as of the reporting date.

## 5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

In the following, only those items are listed for which there are significant changes in the half-year from January 1 to June 30, 2023 compared with the previous year (January 1 to June 30, 2022). Otherwise, reference is also made here to the explanations in the Annual Report.

## 5.1. REVENUES

Sales mainly relate to wells drilled in the Denver-Julesberg Basin in Colorado by 1876 Resources and Elster Oil & Gas and in the Powder River Basin in Wyoming by Salt Creek Oil & Gas, 1876 Resources and Bright Rock Energy as well as interests in wells drilled by Salt Creek Oil & Gas in the Uinta Basin in Utah. Sales of EUR 75.2 million (previous year: EUR 72.2 million) are attributable to the individual subsidiaries as follows:

1876 Resources:	EUR 40.2 million
Elster Oil & Gas:	EUR 3.8 million
Salt Creek Oil & Gas:	EUR 26.9 million
Bright Rock Energy:	EUR 4.3 million

Production for the first 6 months is 1,906,521 barrels of oil equivalent (BOE), or 10,533 BOE per day.

Sales are reported in euros less production tax (EUR 7.1 million) and include realized gains from hedging transactions (EUR 1.4 million).

## 5.2. OTHER OPERATING INCOME

Other operating income of EUR 3.8 million (prior year: EUR 9.4 million) mainly consists of income from the disposal of securities amounting to EUR 2.8 million (prior year: EUR 7.1 million), which arose at the level of Deutsche Rohstoff AG. This item includes gains from the disposal of marketable securities in the amount of EUR 2.4 million, which are offset by disposal losses in the amount of EUR 0.6 million. In addition, this item also includes currency gains of EUR 0.4 million (previous year: EUR 2.2 million), which are offset by currency losses of EUR 1.0 million.

## 5.3. COST OF MATERIALS

As of June 30, expenses for purchased services amounting to 14.6 million (previous year: EUR 11.1 million) are reported, which relate to ongoing production costs, fees for the processing of gas and condensates, maintenance and work on the producing and new oil wells in the USA. Operating costs thus amount to approximately USD 8.28 (EUR 7.67) per BOE for the period January 1 to June 30. In 2022 these were USD 9.04 per BOE.

## 5.4. DEPRECIATION AND AMORTIZATION

Depreciation and amortization amounted to EUR 23.2 million (previous year: EUR 19.0 million) and consisted exclusively of scheduled depreciation and amortization.

Depreciation and amortization mainly relate to depreciation of oil production assets in property, plant and equipment of the subsidiaries 1876 Resources, Elster Oil & Gas, Bright Rock

Energy and Salt Creek Oil & Gas, which are depreciated according to the produced volumes of barrels of oil equivalent (BOE). For the period January 1 to June 30, 2023, the Group's depreciation rate is USD 13.04 (EUR 12.19) per barrel of oil equivalent produced. In the prior-year period from January 1 to June 30, 2022, these values were USD 11.67 (EUR 11.24) and USD 12.46 for the full year 2022.

No impairment losses were recognized in the first half of 2023.

Write-downs of financial assets and marketable securities amount to EUR 0.2 million as of June 30, 2023 and include unrealized price losses on marketable securities as of June 30, 2023.

## 5.5. OTHER OPERATING EXPENSES

Other operating expenses amounted to EUR 5.6 million (previous year: EUR 3.8 million). The largest items here are exchange rate losses of EUR 1.0 million (previous year: EUR 0 million), legal and consulting fees of EUR 0.8 million (previous year: EUR 0.7 million) and additions to provisions of EUR 0.6 million (previous year: EUR 0.5 million). The provisions are recognized for the obligation to plug wells at the oil production facilities in the USA.

Other operating expenses comprise other general and administrative expenses, including occupancy costs, of EUR 2.1 million, losses on the sale of marketable securities of EUR 0.6 million, exploration and license expenses of EUR 0.3 million, and other administrative expenses in the Group. Personnel expenses of all Group companies amounted to EUR 2.7 million (previous year: EUR 2.7 million).

## 6. SUPPLEMENTARY REPORT

No events of particular significance or with a significant impact on the results of operations, financial position or net assets occurred after the balance sheet date of which the Executive Board is aware.

Mannheim, August 15, 2023

The Executive Board

Jan-Philipp Weitz

Henning Döring



## DISCLAIMER

### FORWARD-LOOKING STATEMENTS

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

This English version of the Report is a translation of the original German version; in the event of any deviation, the German version of the Report shall take precedence over the English version.

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