

# ANNUAL REPORT

# 2022



# Deutsche Rohstoff



## CORPORATE BODIES (AS OF 31 / 12 / 2021)



### EXECUTIVE BOARD

Jan-Philipp Weitz, CEO  
Henning Döring, CFO



### SUPERVISORY BOARD

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



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

	2022	2021	IN %	
Revenues	165.4	73.3	125.6 %	
EBITDA	139.1	66.1	110.6 %	
Net Income	66.2	26.4	151.1 %	
Operating Cash Flow	142.7	51.8	175.5 %	
Cash and cash equivalents	54.2	23.5	130.6 %	
Debt to Equity ratio in %	37.8	30.2	24.2 %	

COMMODITIES ARE  
THE FUTURE

## HIGHLIGHTS 2022 DEUTSCHE ROHSTOFF GROUP



02

**February 2, 2022**

Salt Creek participates in Occidental drilling program with 16 wells



02

**February 17, 2022**

Bright Rock acquires additional acreage in Wyoming



05

**March 21, 2022**

DRAG evaluates market entry into the lithium sector



08

**August 10, 2022**

Best half-year operating result in the company's history of over EUR 32.5 million achieved



10

**October 1, 2022**

Change in Management Board and Supervisory Board was completed as planned



10

**October 4, 2022**

Shareholding in Cub Creek Energy increased to 98 % and drilling program started in Wyoming



10

**October 10, 2022**

Drilling program for an additional 15 wells completed with Occidental Petroleum



Q4

**Q4 2022**

Divestment of the non-core assets in North Dakota and stake in Rhein Petroleum

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## LETTER TO SHAREHOLDERS

# Ladies and Gentlemen

The year 2022 marks an important milestone in the development of Deutsche Rohstoff AG. We were able to increase the guidance three times during the year and generate earnings per share of EUR 12.15 (previous year: EUR 5.00). In economic terms, it was the most successful year in the company's history.

### PRODUCTION: RECORD VOLUME ACHIEVED

Operationally, we have also reached a new level by continuing to significantly expand our production and are now producing oil & gas from over 300 wells at our four subsidiaries in the US. We have now established ourselves at a production level of around 10,000 barrels of oil equivalent per day (BOEPD) and, thanks to our diversified base, can now further increase this level with investments in the long term at current oil prices. In 2022, it was still 9,600 BOEPD, and in 2023 we already expect 11,000–12,000 BOEPD in production. But that's not all, according to the forecast published with this report, we will be able to further increase our production again in 2024. For comparison, in the previous 5 years we produced an average of 6,000 BOEPD per year. Of course, this growth is also under the assumption of continued high oil prices, because one of the great advantages of shale oil wells in the US is the ability to react

quickly to the market environment on an ongoing basis and to reduce activity when prices fall. We continue to reserve this flexibility.

In addition to the operational development, there have also been some personnel changes. Our company founder, Dr. Thomas Gutschlag, has decided to move to the Supervisory Board and has handed over the operational management of the company to Jan-Philipp Weitz as Chairman of the Executive Board and Henning Döring as the new Chief Financial Officer. The experienced entrepreneur Dr. Werner Zöllner has become part of the Supervisory Board of Deutsche Rohstoff AG.

The economic success in 2022 was primarily a result of the very disciplined and extensive investments of the previous years, as well as the acquisitions in 2020 and 2021. The high commodity prices also contributed to this – after deducting hedges, we realized an oil price of around USD 76. Since September, the WTI price has again traded below the prices before the outbreak of the war in Ukraine. European gas prices also had no impact on our earnings. This also shows that our earnings in 2022 were by no means a "one-day wonder" due to high prices, but rather an indicator of what is possible in subsequent years.



**JAN-PHILIPP WEITZ**  
CEO DEUTSCHE ROHSTOFF AG

### EARNINGS SITUATION: RECORD RESULT ACHIEVED

Consolidated net income rose to EUR 66.2 million (previous year: EUR 26.4 million), an increase of over 150 %. We were thus once again able to significantly exceed our best ever operating result in the history of the company from 2021.



## LETTER TO SHAREHOLDERS

The other key profitability figures also more than doubled. Sales increased by 125 % to EUR 165.4 million (previous year: EUR 73.3 million) and EBITDA by 110 % to EUR 139.1 million (previous year: EUR 66.1 million). Our equity is also at a record high of EUR 132.4 million (31 December 2021: EUR 80.0 million). The equity ratio thus increased to 37.8 % (31 December 2021: 30.2 %).

As part of our annual financial statements, for the first time we prepared an exemplary condensed income statement in accordance with IFRS (unaudited) in order to be able to compare our results even better with those of the US peer group. The results also underline our growth course. At EUR 217.8 million, sales under international accounting stan-



**HENNING DÖRING**

CFO DEUTSCHE ROHSTOFF AG

dards were once again 32 % higher than the figures under German GAAP. Taking into account fair value accounting under IFRS, consolidated net income rose to EUR 78.6 million (+19 % vs. HGB), showing hidden reserves of around EUR 12.5 million compared with the more cautious accounting under HGB (German Commercial Code).

As we have already repeatedly underlined in the course of the year, we still have a lot of plans and want to shape the future of Deutsche Rohstoff. This means we want to use the growth of the past years to further expand Deutsche Rohstoff AG as a highly profitable oil and gas producer. At the same time, we also want to remain active in our smaller business unit, the metals sector, and take advantage of opportunities. In particular, the massively growing battery metals business offers many opportunities. Increasing the value of the company and not growth at any price are our maxims here. We weigh every investment carefully.

The past few years have once again demonstrated to all market participants that commodity markets are extremely volatile. Since our IPO 13 years ago, we have learned to keep an eye on this volatility at all times. However, we can never predict it, which is why hedging oil and gas prices is an important part of our Group strategy. At the same time, we also regularly review whether we can sell acreage and wells from subsidiaries if we receive an attractive offer. The development of new business areas also represents a key competence of our company. In the beginning the focus was almost exclusively on mining. Since 2013/14 our focus has been on oil and gas production in the USA.

### OIL & GAS: HIGH PRODUCTION BASE AND STRONG DEVELOPMENT OPPORTUNITIES

For the first time in the Oil and Gas business area, in addition to the very high production base, we now have an portfolio of development acreage in Wyoming that could carry us for well over 10 years at the current rate of development. On the basis of all potentially possible wells, even significantly longer. In addition, there are ongoing opportunities to purchase additional acreage. This long-term perspective is another pillar of our future development. We now have three subsidiaries operating in the Powder River Basin in Wyoming. Cub Creek and Bright Rock are developing and operating their own wells. Salt Creek has been involved in a joint venture with Occidental Petroleum (Oxy) since early 2022.

The Powder River Basin will thus soon be our most significant oil field. In 2022, out of 9,600 BOEPD, we still produced around 7,161 BOEPD in Colorado, 1,113 BOEPD in Utah and 1,286 BOEPD in Wyoming. By 2023, about 50 % of our production will come from Wyoming.

We were able to report a few operational highlights in 2022. The Knight well pad was able to report higher than expected production after a slow ramp-up and is producing above our expectations to date. The approximately USD 45 million investment paid back on well pad level, excluding hedges, in less than 12 months.

The completion of two joint ventures with Oxy was also a significant milestone in 2022, and we will invest a total of

## LETTER TO SHAREHOLDERS

approximately USD 150 million in the joint venture in 2022 and 2023. All 31 wells from four well pads will be drilled and operated by Oxy. The investments have allowed us to continue to grow our production as a “non-operator” while preparing our own drilling programs in Wyoming. Going forward, we always intend to keep some part of our production non-operated.

The acquisition of acreage by Cub Creek in Wyoming, completed in October 2021, has proven to be a very



**MARTIN BILLHARDT**

SUPERVISORY BOARD (DEPUTY CHAIRMAN)  
DEUTSCHE ROHSTOFF AG

profitable acquisition at a purchase price of approximately USD 18 million; in 2022 alone, we generated cash flows of USD 10.5 million here and still had a producing wells reserve present value of over USD 25 million at year-end.

Also, the Buster well that Bright Rock had brought into production in 2021 was able to pay for itself after less than 12 months of production.

In total, we invested about EUR 72 million in oil and gas wells in 2022. Of this, around EUR 43 million went into the drilling program with Oxy, around EUR 20 million into wells in Utah and EUR 5 million into “non-operated” wells of other companies. Inflation has been felt in drilling development, as it has elsewhere in most industries worldwide. Overall, drilling costs for wells in Wyoming have increased by approximately 10 %. In 2023, we now expect drilling costs for Niobrara wells in Wyoming to be around USD 11 million.

Our investments have also enabled us to further increase our proved oil and gas reserves. Proved reserves amount to USD 352 million (previous year: USD 318 million), while proved and probable reserves combined amount to USD 372 million (previous year: USD 368 million). Proved reserves at the end of the year were calculated at 35.7 million barrels of oil equivalent (BOE) (previous year: 29.2 million BOE), while probable reserves were calculated at 13.7 million BOE (previous year: 19.4 million BOE).



**DR. THOMAS GUTSCHLAG**

SUPERVISORY BOARD (CHAIRMAN)  
DEUTSCHE ROHSTOFF AG

It should be noted in particular that, operationally, we generated approximately USD 180 million in cash flow from production before hedges and hedging. Had we not made investments, our reserves would have decreased by a similar amount. However, as a result of the investments, we were able to replace, or increase, the reserves that were produced. This “reserve replacement” is also a strong indication of our ability to successfully develop our areas in the long term.

## LETTER TO SHAREHOLDERS

### OPPORTUNITIES: ATTRACTIVE CHANCES IN THE METAL SECTOR

We also continued to be active in the metals sector in 2022 and intend to remain active here in the future. Almonty Industries started construction of the important Sangdong Mine in Korea in 2022. At the beginning of the year, the financing by KfW-IPEX Bank was finally concluded and the first three tranches of the loan were drawn by the end of the year. As Almonty had already priced a significant part of the



**DR. WERNER ZÖLLNER**  
SUPERVISORY BOARD  
DEUTSCHE ROHSTOFF AG

necessary equipment a long time ago, the financing could be carried out without major influences of the strong inflation. The mine is scheduled to go into production in 2024.

We currently hold approximately 14.20 % of the shares in Almonty and have also extended various loans since 2014. The book value of our investment in Almonty was around EUR 29.7 million as of 31 December 2022.

A new addition to our portfolio is the joint venture (JV) EXAI Pty Ltd with the Australian company SensOre, in which we have held a 70 % stake since the beginning of 2023. The JV is engaged in early-stage exploration of potential lithium exploration targets in Western Australia. SensOre is pursuing a novel exploration approach that combines Artificial Intelligence technology, Big Data and extensive geoscience expertise. Together with SensOre, we intend to test the targets identified from the application of the technology in the joint venture initially using simple methods in the field and, if the results are promising, possibly explore them later by drilling.

### SHAREHOLDER RETURN: GROWTH IN SHARE PRICE AND DIVIDENDS

Overall, we will remain very active in all fields and intend to use our expanded company size to be prepared for the

future. Our aim is to stabilize our production in 2023 and 2024 at these levels and possibly expand slightly further. To achieve this, we need to generate a significant portion of our cash flows in an investment-intensive business such as the oil and gas sector. At the same time, however, we want to ensure that we generate solid free cash flow after the investment-intensive years 2022 and 2023. From the cash flows generated, we want to focus on three main areas:

1. allowing our shareholders to participate in our success through a dividend
2. invest in further growth in the oil and gas sector in the USA
3. initiate new business areas in the e-metals sector

As mentioned at the beginning, 2022 was an extremely successful year for Deutsche Rohstoff AG. Our share price increased by 26 % and we massively strengthened the company's balance sheet. We generated net income of EUR 66.2 million. At the same time, we were able to increase our production and reduce our net debt from EUR 93.9 million to EUR 55.7 million. We have reduced bank debt in the USA to 0 and have unused credit lines amounting to USD 80 million.

Beyond these successes, we also want our shareholders to participate through a dividend. Our goal has always been to



## LETTER TO SHAREHOLDERS

pay an increasing dividend. Due to the very high result in 2022, we want to pay a special dividend for 2022 and therefore propose to the Annual General Meeting a dividend totaling EUR 1.30.

### OUTLOOK: STABLE AT A HIGH LEVEL

We are very optimistic about the future and the years 2023 and 2024. With all wells already producing as expected or above expectations in the first quarter. We will complete our first own drilling program in Wyoming with Cub Creek with several wells. Throughout the year, many wells in Wyoming and in Utah will commence production. If we successfully execute our plan and oil and gas prices hold at current levels, we should be in an even better position at the end of 2023 and even 2024 than we are today and, moreover, should have again increased our reserves.

For 2023, in the base scenario with an oil price of USD 75/ bbl, we forecast sales of EUR 150 to 170 million and EBITDA of EUR 115 to 130 million. For 2024, we expect sales of EUR 170 to 190 million and EBITDA of EUR 130 to 145 million. This guidance also reflects the fact that our 2022 results were not a “one-time event” but rather the foundation of an established oil and gas producer generating sustainable

revenues and EBTIDA of well over EUR 100 million. We are confident that with ongoing development and constant reporting of our very good financials, this message will also be reflected in the valuation of the company and therefore in our share price over time.

Ladies and Gentlemen, our confidence in our company is unbroken. Deutsche Rohstoff also has the potential to create sustainable value in the future – first and foremost for you, our shareholders.

We would be grateful if you continued to accompany us.

Yours sincerely from Mannheim,



Jan-Philipp Weitz  
CEO

Henning Döring  
CFO



KNIGHT WELL PAD, COLORADO

## SHARE AND BONDS

### +26 % SHARE PRICE GAIN IN 2022

The Deutsche Rohstoff AG share performed very positively in the past fiscal year. It increased by +26 % over the course of the year, thus providing shareholders with a significantly higher return than the overall market.

While our share significantly outperformed the major benchmark indices DAX (-12 %) and S&P500 (-20 %) by 26 %, the sector index Dow Jones U.S. Select Oil Exploration & Production TR rose by 54 %.

After opening at EUR 20.60, the stock rose to over EUR 31.00 in the first quarter, in line with the oil price. During the

second quarter, it reached a new all-time high of EUR 34.00. For the year as a whole, the share traded on average at around EUR 25. It closed the financial year at a year-end price of EUR 26.00.

Market capitalization rose from EUR 107.2 million at year-end 2021 to EUR 130.0 million at year-end 2022.

### TRADING VOLUME AT AN AVERAGE OF 28,500 SHARES PER DAY

Trading volumes on the five trading venues with the highest turnover once again increased significantly to an average of 28,500 shares per day, up around 18 % year-on-year.

Volumes were highest in the first quarter, with around 34,000 shares traded per day. The day with the highest turnover was 9 March, when around 142,000 shares worth around EUR 4.1 million were traded. XETRA accounted for the majority of the trading volume with 61 %, followed by Tradegate with 33 %.

### ANNUAL GENERAL MEETING ELECTS NEW SUPERVISORY BOARD

The third virtual Annual General Meeting in a row was held on 28 June 2022. As in previous years, the AGM was held at the Company's headquarters in Mannheim. With 22 % of shareholders entitled to vote, attendance was on the same level as the previous year. The Annual General Meeting passed all resolutions with a clear majority. The founder and long-time CEO of Deutsche Rohstoff AG, Dr. Thomas Gutschlag, was elected to the Supervisory Board. The Supervisory Board subsequently elected him as its Chairman. Martin Billhardt, who had previously held the position of Chairman, was elected Deputy Chairman. The entrepreneur Dr. Werner Zöllner is a new member of the Supervisory Board.

### 60 CENT DIVIDEND PAID

The Management Board and Supervisory Board proposed a dividend payment of around EUR 3.0 million, or EUR 0.60 per share to the Annual General Meeting. This proposal was approved by 99 % of the votes represented. As an alternative to the cash dividend, shareholders were also offered a

### SHARE DETAILS (AS OF 31 / 12 / 2021)

Total number of shares	5,003,081
Amount of share capital	EUR 5,003,081.00
Stock exchange	XETRA , Tradegate, Frankfurt, Berlin, Düsseldorf, Stuttgart
ISIN / WKN	DE000A0XYG76 / A0XYG7
Stock exchange segment	Scale Standard, Member of Scale 30
Designated Sponsor	ICF Bank AG, ODDO BHF Corporates & Markets AG



## SHARE AND BONDS

stock dividend. This was taken up in the amount of around 10 % of the distribution. The cash dividend was paid on 8 August and the new shares were booked into the share deposit accounts on the following day.

### SOLID SHAREHOLDER BASE

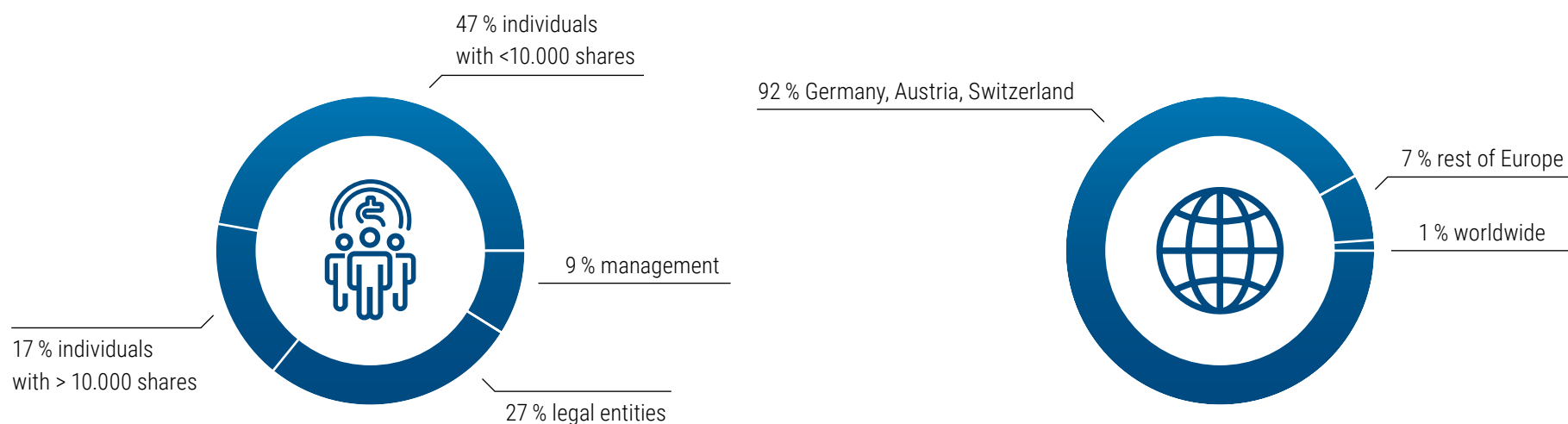
The share capital of Deutsche Rohstoff AG was reduced by 127,810 shares through the redemption of treasury shares held in 2022. This was offset by the issue of new shares through partial conversion of the convertible bond 18/23

(31,607 shares) and the shares issued as part of the stock dividend (12,537 shares). In total, the share capital decreased by EUR 78,666 to EUR 5,003,081 compared to year-end 2021. The share capital is divided into the same number of registered shares. The Management Board and Supervisory Board held around 10 % of the shares at the end of the year. 50 % of the outstanding share capital was held by around 65 shareholders at the end of 2021. The other 50 % is distributed among around 8,100 shareholders. Just under 27 % of the shares are held by legal entities. 87 % of the shareholder base is located in Germany.

### BOND PRICE ABOVE PAR

At the end of the reporting year, Deutsche Rohstoff AG had a non-convertible bond 2019/2024 (WKN A2YN3Q) outstanding with a total volume of EUR 100.0 million. The bond was outplaced in February 2022 from EUR 87.1 million to EUR 100.0 million. The coupon amounts to 5.25 % and is paid semi-annually. The bond matures on 6 December 2024. In the reporting year, it traded between 99.1 and 106.00 percent, with an average of 101.81 percent.

## SHAREHOLDER STRUCTURE



## SHARE AND BONDS

As a further financing instrument, the company had issued a convertible bond in March 2018. The outstanding volume amounted to EUR 9.815 million at the end of 2022. By the end of the conversion period on February 8, 2023, EUR 0.9 million had been converted. Deutsche Rohstoff AG repaid the convertible bond in full on schedule on 29 March 2023.

### ROADSHOWS, CONFERENCES AND CAPITAL MARKETS DAY

In the reporting year, the majority of investor meetings and roadshows were again held in person. The Management Board and Supervisory Board met with investors on more than 20 days. In addition to classic roadshows, the management was also present at nine capital market conferences in Germany and abroad, presenting the latest developments and the equity story of Deutsche Rohstoff AG.

Deutsche Rohstoff AG also held a virtual Capital Markets Day in 2022. More than 100 interested participants were registered and were given an update on the business development as well as detailed insights into the profitability of an oil well in Wyoming.

### ANALYSTS SEE FAIR VALUE ABOVE SHARE PRICE

In 2022, financial analysts from First Berlin and Kepler Cheuvreux regularly published commentaries and recommendations with price targets on Deutsche Rohstoff AG shares. The analysts agreed that the fair value is significant-

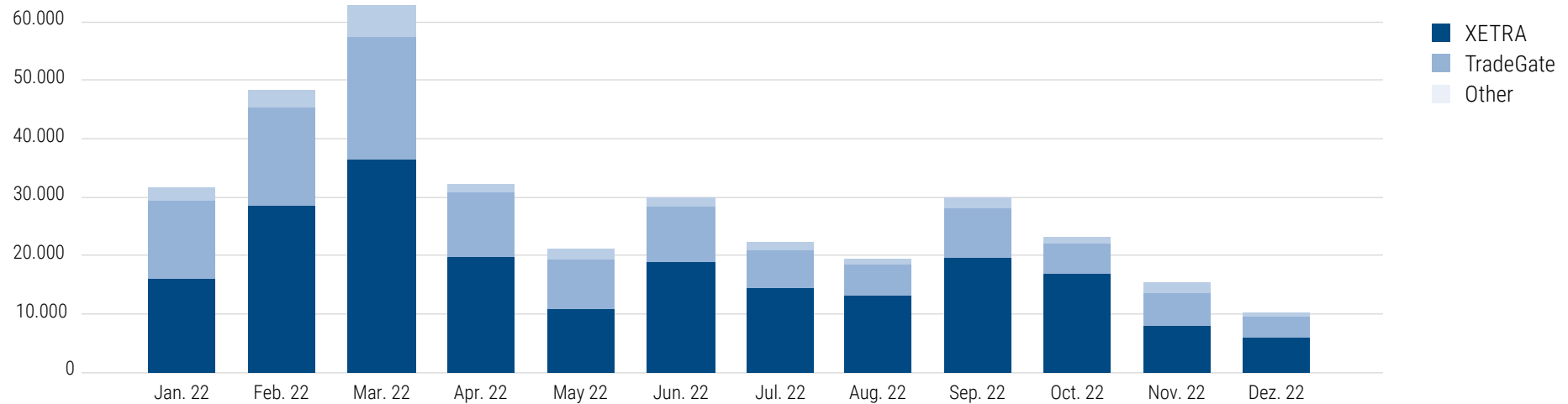
ly above the share price. Since 2022, the research reports on Deutsche Rohstoff AG have been published directly on the homepage and made available to every shareholder and interested party. From the second quarter of 2023, two further analysts will report regularly on the Deutsche Rohstoff AG share.



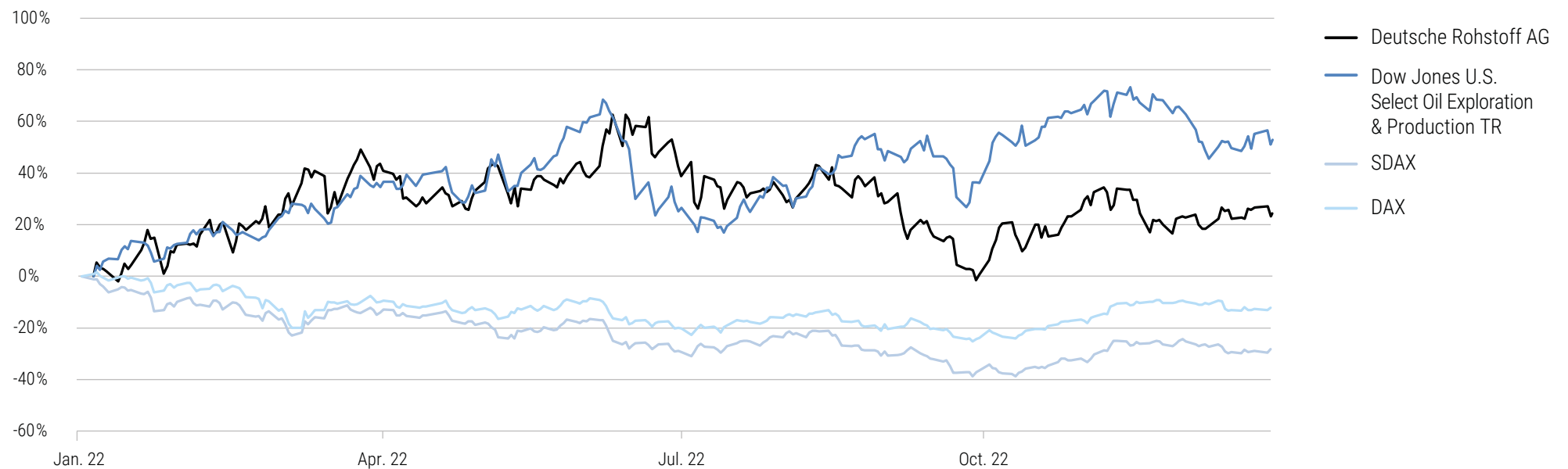
**BONDS** (STATUS AS OF 31 DECEMBER 2021). THE 2018/2023 CONVERTIBLE BOND WAS REPAID IN MARCH 2023.

<b>BOND 2019 / 2024</b>	
Issuer	Deutsche Rohstoff AG
Issue Date	4 December 2019
Issued Volume	EUR 100 million
Outstanding Volume	EUR 100 million
Coupon	5.250 %
Initial / Current Strike	N / A
Interest Payment	semiannual, 6 December and 6 June
Tenor	5 years
Denomination	EUR 1,000
ISIN	DE000A2YN3Q8
Exchange	Frankfurt Exchange, Open Market (Quotation Board)

## TRADED SHARES PER DAY



## DEVELOPMENT OF THE SHARE IN 2022





## OPERATIVE CHARTS

REVENUES (IN 1,000 EUR)	01/01/-31/12/2022	01/01/-31/12/2021
Oil Revenues	163,511	62,738
Gas Revenues	38,568	19,184
NGL Revenues	22,263	15,118
Production Tax	-20,315	-9,602
Profit(+)/Loss(-) from Hedging	-38,588	-14,185
<b>TOTAL REVENUE</b>	<b>165,439</b>	<b>73,253</b>
Total Revenue (in 1,000 USD)	171,453	86,387

VOLUMES	01/01/-31/12/2022	01/01/-31/12/2021
Oil (bbl)	1,861,269	1,159,327
Gas (mcf)	6,317,164	5,306,319
NGLs (bbl)	587,696	545,559
BOE	3,501,826	2,589,273
BOEPD	9,594	7,094

OIL (IN USD/BBL)	01/01/-31/12/2022	01/01/-31/12/2021
Average WTI Price	94.90	68.24
Realized Price before Hedges	91.48	63.95
Profit(+)/Loss(-) from Hedging	-14.89	-10.53
Realized Price before Hedges	76.59	53.42

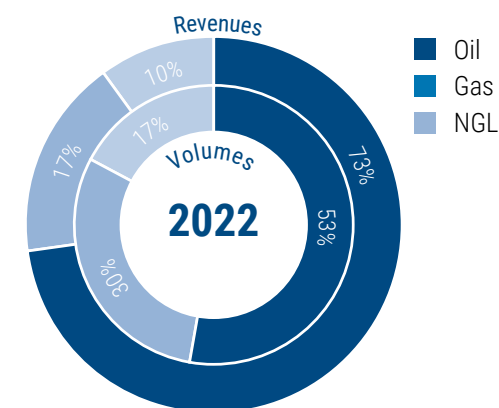
  

GAS (IN USD/MMBTU)	01/01/-31/12/2022	01/01/-31/12/2021
Average Henry Hub Price	6.45	6.54
Realized Price before Hedges <sup>1</sup>	6.36	4.72
Profit(+)/Loss(-) from Hedging <sup>1</sup>	-2.11	-0.53
Realized Price before Hedges	4.25	4.20

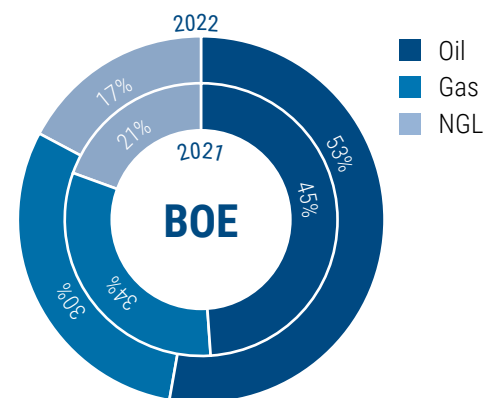
  

<b>OPEX (USD/BOE)</b>	<b>9.04</b>	<b>8.20</b>
<b>DEPLETION (USD/BOE)</b>	<b>12.46</b>	<b>13.68</b>

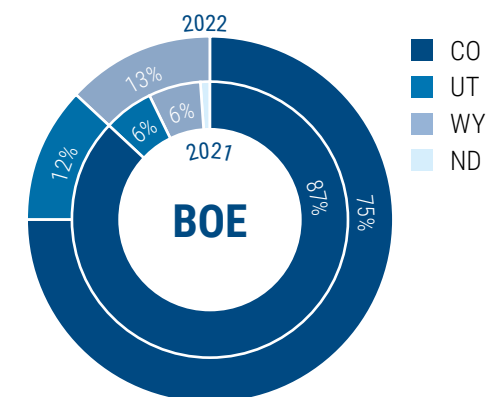
Revenues and Volumes per Commodity



Volumes per Commodity



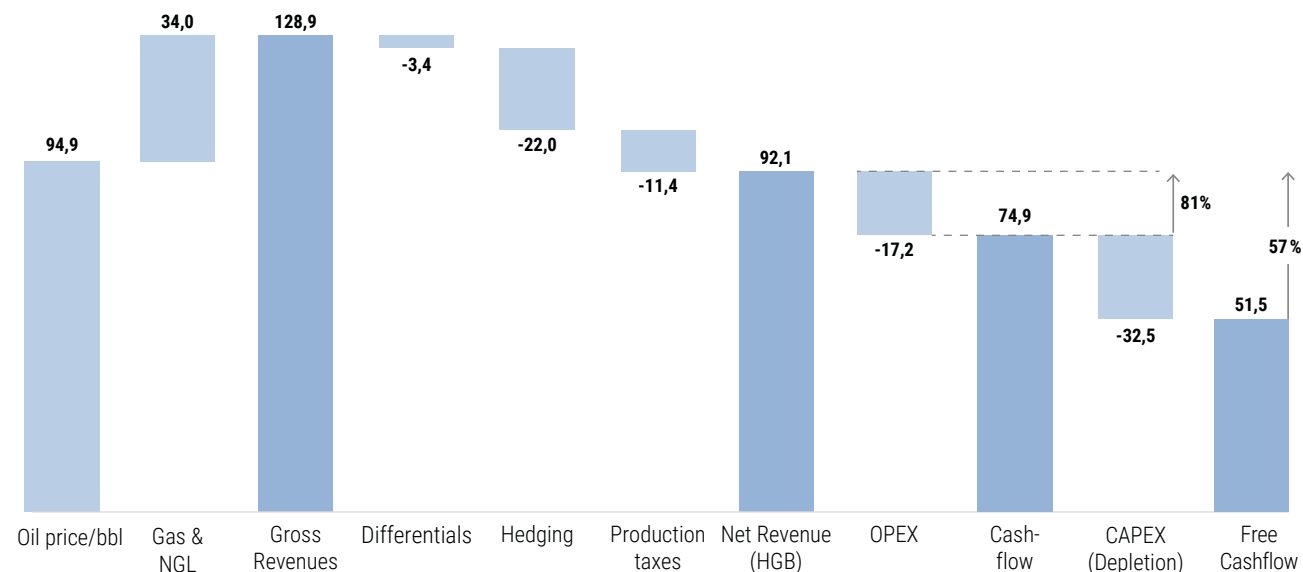
Volumes per State



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

## USD/BARREL OIL COST BREAKDOWN

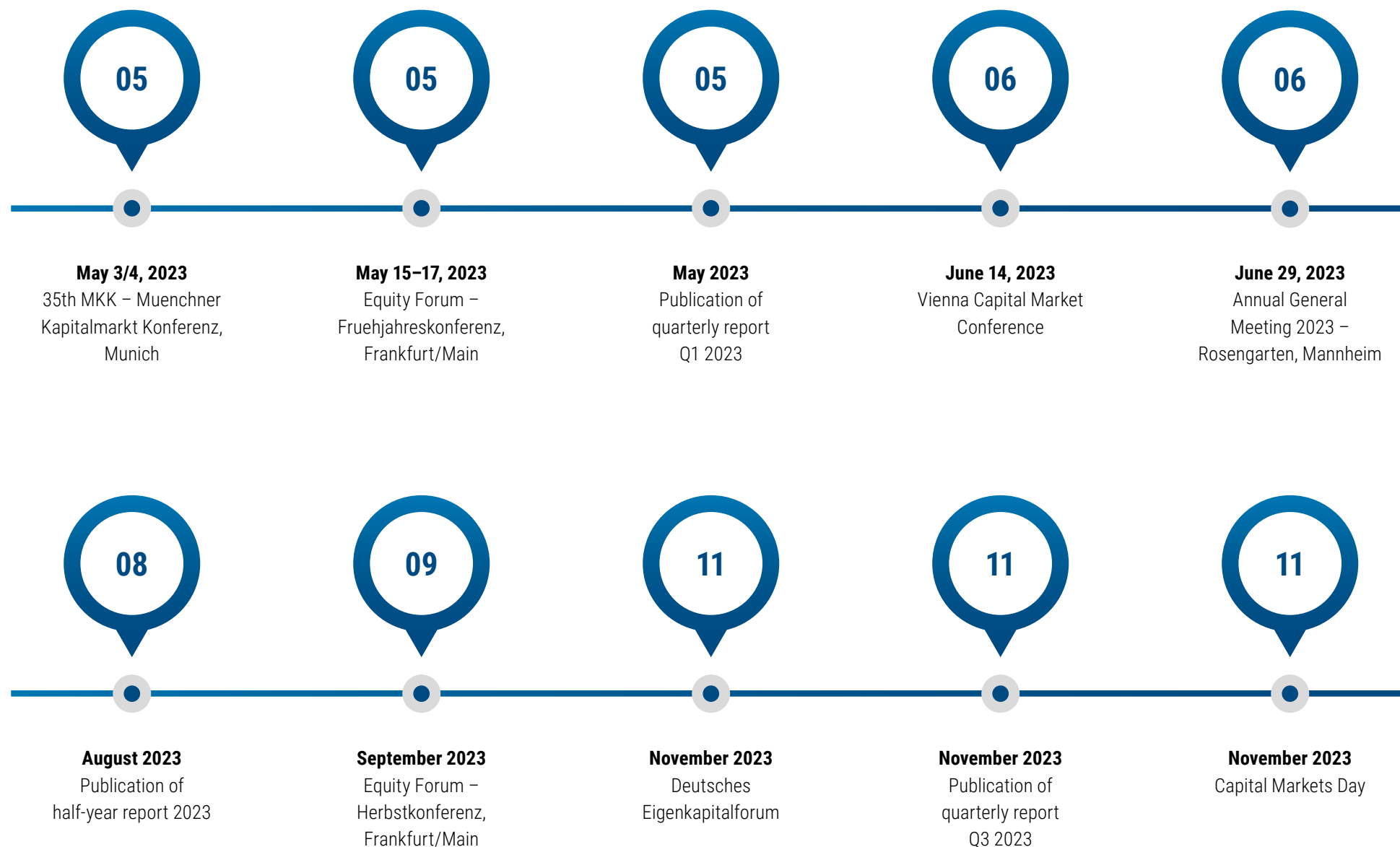
In 2022, the average WTI price was 94.90 USD/BO. With each barrel of oil, the Group also produces natural gas and NGLs, which generated around 34 USD/BO in 2022. Gross revenues thus amounted to 128.9 USD. Deducted from this are so-called differentials (transportation, marketing) of 3.4 USD/BO, 22 USD/BO hedging losses (68 % oil and 32 % gas), and local production taxes (11.4 USD/BO). This gives us according to German HGB a net revenue of 92.1 USD/BO. After deducting operating costs of 17.2 USD/BO (equivalent to 9.04 USD/BOE), the Group is left with a cash flow of 74.9 USD/BO, which can also be described as gross profit margin of 81 %. After depreciation and amortization of 23.5 USD/BO (equivalent to 12.5 USD/BOE), the Group is left with 51.5 USD/BO as gross profit or free cash flow.



## DEUTSCHE ROHSTOFF KONZERN HEDGEBOOK (AS OF 11/04/2023)

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Volumes in BBL	226,000	242,000	202,500	126,000	67,500	37,000	36,000	26,000
Price floor in USD/BBL	76.0	74.4	74.7	74.3	73.1	73.1	73.1	69.5
Volumes in MMBtu	564,500	325,000	305,000	287,000	151,250			
Price floor in USD/MMBtu	3.7	3.4	3.6	4.0	3.6			

## FINANCIAL CALENDAR 2023



# ANNUAL FINANCIALS

## CONSOLIDATED BALANCE SHEET

ASSETS	31/12/2022	31/12/2021
	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	32,489,161	28,569,435
2. Goodwill	1,163,358	1,252,075
3. Advanced payments	276,963	0
	<b>33,929,482</b>	<b>29,821,510</b>
II. Property, plant and equipment		
1. Petroleum extraction equipment	161,897,405	143,612,198
2. Exploration and evaluation	30,357,464	5,225,207
3. Plant and machinery	276,051	111,402
4. Other equipment, furniture and fixtures	108,922	107,480
	<b>192,639,842</b>	<b>149,056,287</b>
III. Financial assets		
1. Equity investments	15,406,652	14,551,553
2. Loans to other investees and investors	6,488,973	4,781,640
3. Securities classified as fixed assets	12,047,919	13,630,221
	<b>33,943,544</b>	<b>32,963,414</b>
<b>B. CURRENT ASSETS</b>		
I. Inventories		
1. Finished goods and merchandise	129,865	174,500
	<b>129,865</b>	<b>174,500</b>
II. Receivables and other assets		
1. Trade receivables	28,649,496	16,794,783
2. Receivables from other investees and investors	83,157	1,103,287
3. Other assets	4,884,252	8,529,081
	<b>33,616,904</b>	<b>26,427,151</b>
III. Securities classified as current assets	6,716,587	10,791,863
IV. Bank balances	47,479,228	12,699,856
<b>C. PREPAID EXPENSES</b>	<b>862,904</b>	<b>892,604</b>
<b>D. DEFERRED TAX ASSETS</b>	<b>1,008,133</b>	<b>2,163,570</b>
<b>TOTAL ASSETS</b>	<b>350,326,490</b>	<b>264,990,755</b>



## CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES		31/12/2022	31/12/2021
		EUR	EUR
<b>A. EQUITY</b>	5,003,081		5,081,747
I. Subscribed Capital	0		-127,810
. / . less nominal value of treasury shares		5,003,081	4,953,937
Conditional capital EUR 2,400,000 (previous year: EUR 2,200,000)			
II. Capital reserves		31,250,251	29,999,609
III. Retained income		0	0
IV. Equity differences from currency translation		8,533,708	3,469,855
V. Consolidated net retained profit		84,174,402	34,299,480
VI. Non-controlling interests		3,403,429	7,351,182
		<b>132,364,871</b>	<b>80,074,063</b>
<b>B. PROVISIONS</b>			
1. Tax provisions		1,017,900	34,028
2. Other provisions		31,634,932	18,808,319
		<b>32,652,832</b>	<b>18,842,347</b>
<b>C. LIABILITIES</b>			
1. Bonds, thereof convertible EUR 10,700,000 (previous year: EUR 10,700,000)		109,815,000	97,761,000
2. Liabilities to banks		77,096	19,630,556
3. Trade payables		11,375,562	20,764,318
4. Other liabilities		28,673,867	9,936,605
		<b>149,941,526</b>	<b>148,092,479</b>
<b>D. ACCRUALS AND DEFERRALS</b>		<b>175,057</b>	<b>0</b>
<b>E. DEFFERED TAX LIABILITIES</b>		<b>35,192,203</b>	<b>17,981,866</b>
<b>DEFFERED TAX LIABILITIES</b>		<b>350,326,490</b>	<b>264,990,755</b>

## CONSOLIDATED INCOME STATEMENT

	01/01/-31/12/2022	01/01/-31/12/2021
	EUR	EUR
1. REVENUE	165,439,266	73,321,380
2. INCREASE OR DECREASE IN FINISHED GOODS AND WORK IN PROCESS	-44,635	-11,219
3. OTHER OPERATING INCOME	25,855,321	22,974,000
4. COST OF MATERIALS	30,443,435	18,106,479
Cost of purchased services	30,443,435	18,106,479
5. PERSONNEL EXPENSES	6,458,333	5,110,449
a) Wages and salaries	6,104,252	4,862,934
b) Social security, pensions and other benefit costs	354,081	247,515
– thereof for retirement plans EUR 4,975 (prior year: EUR 4,989)		
6. AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	42,167,564	30,311,477
a) of intangible assets and property, plant and equipment	41,796,800	30,311,477
b) of current assets	370,764	0
7. OTHER OPERATING EXPENSES	15,260,516	7,008,829
8. OTHER INTEREST AND SIMILAR INCOME	1,384,502	743,356
9. AMORTIZATION OF FINANCIAL ASSETS AND SECURITIES CLASSIFIED AS CURRENT ASSETS	5,488,660	3,157,413
10. INTEREST AND SIMILAR EXPENSES	6,877,926	6,276,776
11. INCOME TAXES	19,752,414	698,920
12. EARNINGS AFTER TAXES	66,185,605	26,357,174
13. OTHER TAXES	0	10
14. NET LOSS/INCOME FOR THE GROUP FOR THE YEAR	66,185,605	26,357,165
15. PROFIT (-)/LOSS(+) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-5,419,614	-1,562,878
16. PROFIT CARRYFORWARD	23,408,411	9,505,193
17. CONSOLIDATED NET RETAINED PROFIT	84,174,402	34,299,480

## CONSOLIDATED CASH FLOW STATEMENT

IN EUR	2022	2021
<b>NET INCOME FOR THE PERIOD (CONSOLIDATED NET INCOME / LOSS INCLUDING PROFIT SHARES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS)</b>	<b>66,185,605</b>	<b>26,357,165</b>
+/- Write-downs / write-ups of fixed assets	39,790,250	32,805,392
+/- Increase / decrease in provisions	18,882,262	-927,122
+/- Other non-cash expenses / income	267,630	-815,798
-/+ Increase / decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	-6,679,737	-12,542,148
+/- Increase / decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	9,206,488	19,449,043
-/+ Proceeds from disposals of intangible assets	-10,145,012	-736,312
-/+ Gains / losses from the disposal of fixed assets	1,868,384	-18,092,902
+/- Interest expenses / income	5,493,424	5,533,419
+/- Income taxes paid / received	17,862,778	791,643
-/+ Income tax payments	0	0
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>142,732,073</b>	<b>51,822,381</b>
+ Cash received from disposals of intangible assets	0	1,632,670
- Cash paid for investments in intangible assets	-6,034,493	-10,952,708
+ Proceeds from disposals of intangible assets	6,490,002	0
- Cash paid for investments in property, plant and equipment	-82,915,052	-41,875,773
+ Cash received from disposals of fixed financial assets	11,326,932	1,088,052
- Cash paid for investments in fixed financial assets	-3,720,994	-1,398,085
+ Cash received in connection with short-term financial management of cash investments	18,426,899	47,890,645
- Cash paid in connection with short-term financial management of cash investments	-16,368,259	-25,983,535
+ Interest received	630,721	252,989
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>	<b>-72,164,244</b>	<b>-29,345,745</b>
+ Proceeds from contributions to equity by shareholders of the parent company	97,800	0
+ Cash received from equity contributions by other shareholders	88,382	181,423
- Cash from decrease in equity	-16,358,904	-327,019
+ Cash received from the issue of bonds and from loans	21,334,379	19,005,567
- Cash repayments of bonds and loans	-29,438,977	-31,728,682
- Interest paid	-6,725,238	-6,514,712
- Dividends paid to shareholders of the parent company	-2,665,791	0
- Dividends paid to other shareholders	-1,063,318	-327,847
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>-34,731,668</b>	<b>-19,711,270</b>
Change in cash and cash equivalents	35,836,159	2,765,366
+/- Changes in cash and cash equivalents due to exchange rates and valuation	-44,738	635,824
+ Cash and cash equivalents at the beginning of the period	11,610,709	8,209,518
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>47,402,131</b>	<b>11,610,709</b>

# GROUP MANAGEMENT REPORT

## 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).

### ACCOUNTING AND AUDITING

Deutsche Rohstoff AG prepares its consolidated financial statements, interim report, and annual financial statements in accordance with the provisions of the German Commercial Code (HGB). The Annual General Meeting on June 28, 2022 appointed FALK GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Heidelberg, as auditors for the annual and consolidated financial statements for fiscal 2022.

### DISTINCTION BETWEEN PARENT COMPANY AND GROUP

In order to clarify which information relates to the parent company and which to the Group, "Deutsche Rohstoff AG" is always used for the parent company. For disclosures relating to the Group, "Deutsche Rohstoff Group" or "Group" is used. Where the above distinctions do not apply and no other separate references are made, the information relates equally to the Group and the parent company.

### FUTURE STATEMENTS

This management report contains future 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 in the United States**
- **Investment in strategic metals with a carrying amount of EUR 29.7 million**

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 commodities. It focuses its activities on countries that have a stable political and legal system. In the fiscal year 2022, 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.

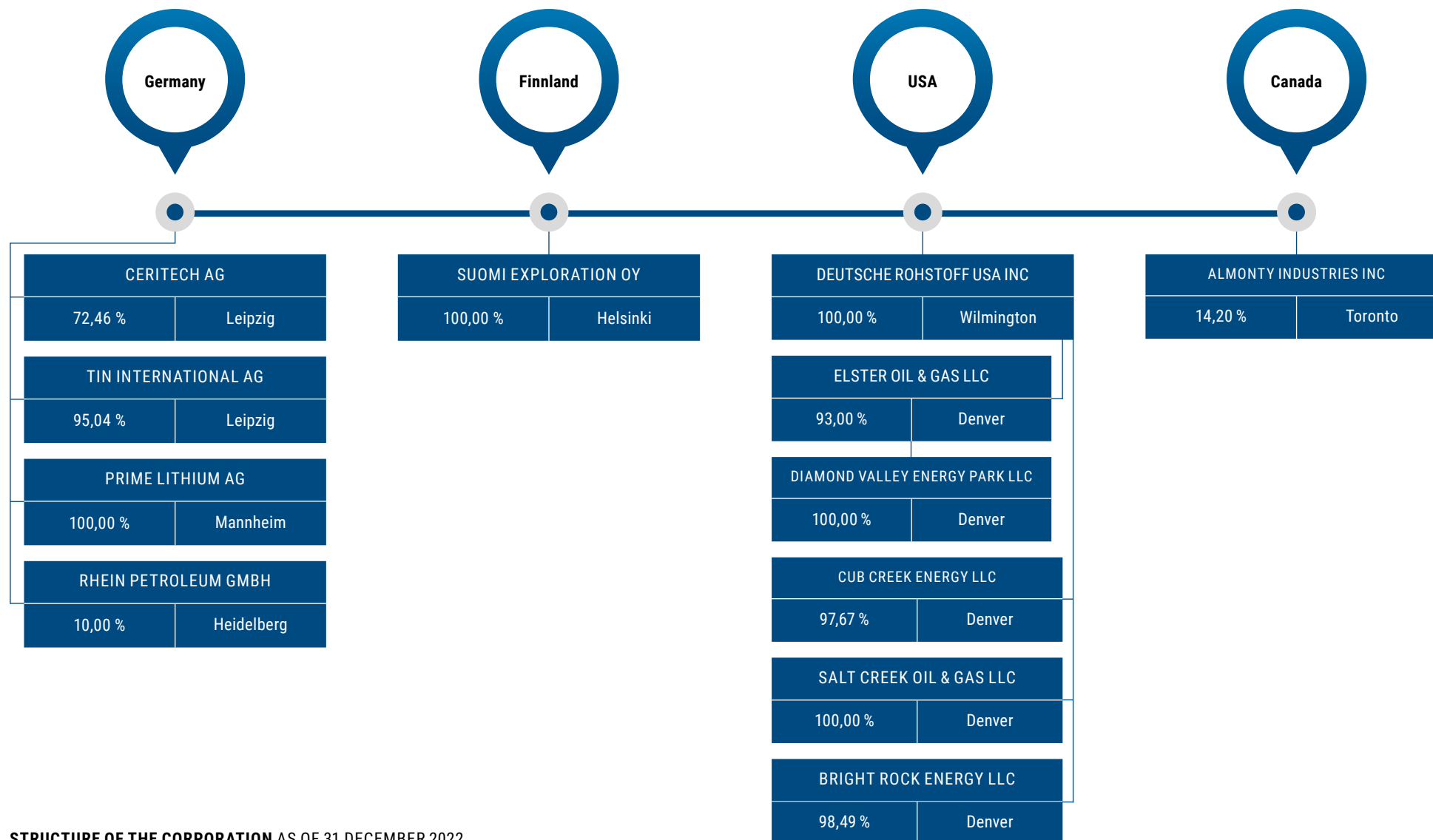
As of December 31, 2022, the Deutsche Rohstoff Group consisted of the following material Group companies and investments. Material subsidiaries and investments are those which are intended to be held on a permanent basis.

Compared to the previous year, there were some changes in the legal structure of the Group and in the ownership structure:

- The share in Cub Creek Energy, the subsidiary with the highest revenue, increased by 9.21 percentage points to 97.67 % due to the purchase of minority interests.
- At Tin International AG, the shareholding increased from 94.41 % to 95.04 % as a result of a capital increase. At the Annual General Meeting on November 28, 2022, a resolution was passed in accordance with Section 327a of the German Stock Corporation Act (AktG) to transfer the shares of the remaining shareholders to Deutsche Rohstoff AG in return for cash compensation ("squeeze-out").
- Due to capital contributions by a minority shareholder, the shareholding in Bright Rock Energy LLC decreased slightly from 98.86 % to 98.49 %.
- The shareholding in Almonty Industries increased from 12.27 % to 14.20 % as a result of the purchase of further shares worth EUR 3.2 million.

# Deutsche Rohstoff AG

Mannheim



STRUCTURE OF THE CORPORATION AS OF 31 DECEMBER 2022



## GROUP MANAGEMENT REPORT

The companies shown in the chart, **Almonty Industries Inc.** and **Rhein Petroleum GmbH**, were carried as investments at year-end 2022. All other companies were fully consolidated.

**Cub Creek Energy** produced in the Denver-Julesberg Basin in Colorado and Powder River Basin in Wyoming on purchased acreage in 2022. In early 2023, Cub Creek Energy also began drilling stand-alone oil wells in Wyoming 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 2022. Elster Oil & Gas, as a non-operator (so-called "non-op"), only participates in operating wells of other companies.

**Bright Rock Energy** had acquired acreage in the Uinta Basin in Utah, USA, in 2018 to 2021 and participated as a "non-op" in operating wells of other companies. In mid-2022, these "non-op" activities were sold to sister company Salt Creek Oil & Gas. In 2020, Bright Rock Energy also acquired acreage in the Powder River Basin in Wyoming. In October 2021, the Company drilled its first well as operator on these lands. It is currently preparing to drill additional wells.

**Salt Creek Oil & Gas** significantly increased its interests as a "non-op" in other companies' oil wells in 2022. In addition to the added acreage from Bright Rock Energy, this was done through two joint ventures with Occidental Petroleum in Wyoming. Salt Creek sold its remaining acreage in North Dakota during the year under review.

**Almonty Industries**, the minority holding specializing in tungsten mining, operated the Panasqueira mine in Portugal in 2022 and is also developing further tungsten projects. The company's largest project, the Sangdong mine in South Korea, is scheduled to commence production in 2024.

**Ceritech AG** has been held as a "shell company" with the intention of contributing its own or a third party business to the company since the shares were introduced to the open market of the Düsseldorf Stock Exchange.

**Tin International AG** held cash exclusively for new projects and for intercompany loans at the end of the year.

**Rhein Petroleum GmbH** conducts well operations in Germany. In December 2022, it was decided to sell the 10 % stake in full to the British Beacon Energy plc.

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

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

In fiscal 2022, the Group generated revenue almost exclusively from the production of crude oil and natural gas in the USA. However, 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.

## 2. OBJECTIVES AND STRATEGY

### PERFORMANCE FOR OUR SHAREHOLDERS

In the past, the Company had stated an increase in market capitalization to EUR 150.0 to 200.0 million as its overriding target. Although this target was missed at the end of 2022, the market capitalization of EUR 130.1 million was significantly closer than a year earlier (previous year: EUR 100.6 million). The Executive Board assumes that this market capitalization can be achieved in the period up to the end of 2023, provided that commodity prices, in particular the oil price, remain at least at the level at which they were at the beginning of 2023. Further preconditions are the achievement of planned production volumes and the continuation of development projects on the company's own land or together with joint venture partners in the USA.

### BUSINESS SEGMENTS

The focus of activities remains on oil and gas production in the USA. The company also benefited from rising oil prices in the reporting year. Oil and gas production was further expanded in the course of 2022. At the end of 2022, the Group had interests in a total of 89 independently operated horizontal wells in the Denver-Julesberg Basin, Colorado and in the Powder River Basin, Wyoming, as well as 260 wells operated by partners. In total, this corresponds to around 94 net wells, i.e. wells operated by the Group with a calculated share of 100 %.

In the metals business area, the Group has four subsidiaries and one investment with a share of over 10 %. The subsidiaries

# GROUP MANAGEMENT REPORT

Prime Lithium AG and Suomi Oy (Finland) pursue early-stage projects in the metals sector. Tin International AG and Ceritech AG were continued only as investment shells in 2022.

## EMPLOYEES

The commitment and expertise of our employees form an important basis for our business success. We ensure the recruitment and retention of highly qualified specialists and managers through targeted talent selection, long-term incentives in the form of shareholding programs, individually tailored further development measures and a company health management system. Equality and diversity play an important role in this. As of December 31, 2022, women accounted for 29 % of the employees of Deutsche Rohstoff AG in the Deutsche Rohstoff Group, while the proportion of women in management positions below the Executive Board was 38 %.

## 3. RESEARCH AND DEVELOPMENT

The Group conducts only a small amount of research and development aimed at supporting the development of existing projects or optimizing them. The production of crude oil and natural gas as well as ore mining generally use existing processes that are freely available through service providers. The Group uses service providers who carry out the work in accordance with the current state of the art. At Prime Lithium AG, a development project for processing lithium precursors into high-purity lithium products was advanced in 2022. In total, development expenses of EUR 0.7 million were incurred for this. A further EUR 0.5 million was invested in a joint venture with the Australian company SensOre for the early-stage exploration of lithium deposits in Western Australia.

## II. ECONOMIC REPORT

### 1. MACROECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

#### AT A GLANCE

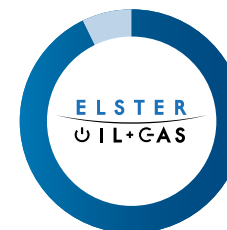
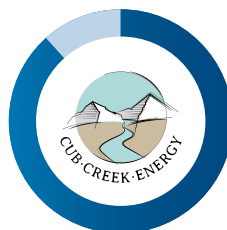
- Economic growth of 3.4 % worldwide and 2.0 % in North America in 2022 %
- Average oil price rises from USD 68.14/bbl to USD 94.90/bbl (+39.3 % )

#### GLOBAL ECONOMIC DEVELOPMENT

Global economic development was impacted by a variety of challenges in 2022. In its third year, the COVID-19 pandemic continued to have a significant negative impact on supply chains and also on consumption, not least due to the zero COVID policy in China. In addition, the Russian attack on Ukraine from late February caused dislocation in the global economic cycle. Extensive international sanctions meant that important resources, in particular oil and gas, had to be provided

as alternatives. This led to significant price spikes on the markets and futures markets. The resulting acceleration in general inflation rates prompted central banks to respond with a series of significant key interest rate increases. The combination of supply bottlenecks, rising prices and interest rates confronted consumers, companies, and governments with adjustment processes, which in turn translated into slowing economic growth.

Against this background, the International Monetary Fund (IMF) forecast in its January 2023 World Economic Outlook Update (WEO) that global economic output would grow at a significantly lower rate of 3.4 % in 2022, down from 6.2 % in 2021. The forecast for 2023 is 2.9 %, 0.2 percentage points higher than in the WEO of October 2022. For the industrialized nations, the expected growth rate in 2022 is 2.7 % (2021: 5.4 % ), declining to 1.2 % in 2023. The growth rate for emerging and developing countries in 2022 is expected to be 3.9 % (2021: 6.7 % ), rising slightly to 4.0 % in 2023. Expectations for world trade growth in 2022 were 5.4 % (2021: 10.4 % ) and are expected to fall to 2.4 % in 2023. At 2.0 %, economic growth in our revenue market North America was slightly slower than in the industrialized nations as a whole.<sup>1</sup>



# GROUP MANAGEMENT REPORT

## DEVELOPMENT OF PRICES FOR OIL, GAS AND TUNGSTEN

Global oil and gas demand continued to trend positively in 2022, returning to pre-COVID-19 pandemic levels of approximately 99.5 to 100 million BOPD.<sup>2</sup> However, supply did not expand at the same rate due to a variety of reasons. Key factors for limited supply expansion included production constraints due to COVID-19 measures, lack of investment in new production space in North America, lack of capacity in many OPEC+ countries, and volume reductions by OPEC+ countries to stabilize prices at high levels. These factors had already led to a significant increase in oil prices by mid-February 2022. Two weeks before the Russian attack on Ukraine, WTI peaked

above 95 USD/bbl and was thus at the level of the later 2022 annual average. The oil price increase was initially accelerated by the Ukraine war from the end of February. In the second half of the year, the price returned to the average level and closed at 80.16 USD/bbl on the last trading day. For the year, WTI averaged 94.90 USD/bbl, 39.3 % above the 2021 average (68.14 USD/bbl).

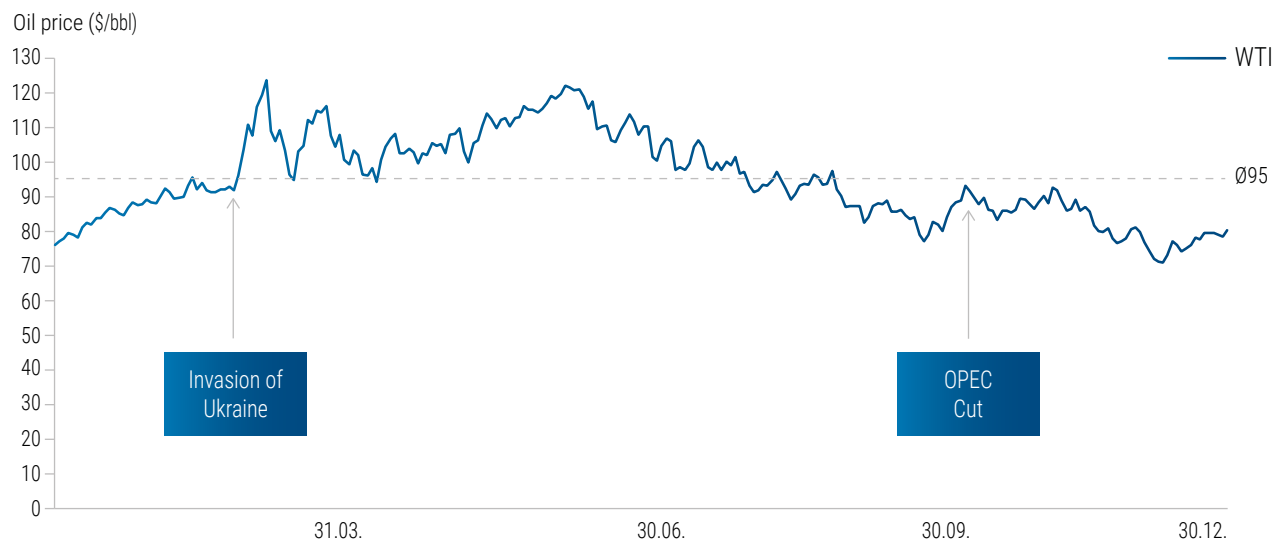
The average gas price (Henry Hub) was little changed in 2022 (2022: USD 6.45/MMBTU vs. 2021: USD 6.54/MMBTU). However, the price experienced unprecedented volatility during the year in the wake of supply uncertainties associated with the Ukraine war, with spikes as high as USD 9.85/MMBTU. At the

end of the year, the gas price was quoted at USD 3.52/MMBTU, well below the high and average for the year.

The most important industrial metal for us due to our significant shareholding in Almonty is tungsten. After the tungsten APT price increased significantly (+45 %) to USD/mtu 336.5 in 2021, it remained roughly at this level in the course of 2022 and closed at USD/mtu 335.

## 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 commodities outside the USA become more expensive. As a result of the strong demand for almost all commodities, the basic correlation of falling demand for commodities and thus falling price levels with a rising USD did not apply in 2022. After opening at 1.1374 EUR/USD, the USD strengthened significantly against the EUR over the course of the year, peaking at 0.9597 EUR/USD at the end of September. From November, the EUR recovered and the exchange rate closed at 1.0702 EUR/USD. The average rate in 2022 was 1.053 EUR/USD, about 11 % lower than the average rate in 2021 (1.1827 EUR/USD).



<sup>1</sup> IMF: World Economic Outlook Update, January 2023

<sup>2</sup> OPEC: [https://www.opec.org/opec\\_web/static\\_files\\_project/media/downloads/publications/OPEC\\_MOMR\\_December\\_2022 % 20\(archive\).pdf](https://www.opec.org/opec_web/static_files_project/media/downloads/publications/OPEC_MOMR_December_2022%20(archive).pdf), accessed April 13, 2023.

# GROUP MANAGEMENT REPORT

## 2. BUSINESS PERFORMANCE

### AT A GLANCE

- Production: record volume established around 10,000 BOEPD
- Oil & Gas: High production base and strong development opportunities
- Metal Division: Future projects further expanded

### CORE BUSINESS OIL AND GAS

In the course of 2022, oil and gas production was continuously increased. Daily production compared to the previous year climbed by 35 % from 7,094 BOEPD to 9,594 BOEPD, a new record for Deutsche Rohstoff Group. Over the course of the year, production increased from the 1st quarter with 7,883 BOEPD to 10,350 BOEPD in the fourth quarter. Production in all subsidiaries was on schedule in 2022, with expected results delivered and new drilling programs started. Coupled with higher oil and gas prices and the stronger USD, the Company's guidance could therefore be increased a total of three times, starting from January.

The subsidiary **Salt Creek Oil & Gas**, which specializes in the "non-op" business, initiated very extensive projects in 2022. In two joint venture agreements with the US company Occidental Petroleum ("Oxy"), participation in a total of 31 wells on four different well pads in the Powder River Basin in Wyoming with a total investment volume of USD 150 million was agreed. The wells are being drilled in a well-developed part of

the field where many producing wells are already active. The first 16 wells on the "Lund" and "Huckleberry" well pads spread over a 12-month period were drilled in 2022. Six wells started production in September. The other wells will follow in the first half of 2023. From the second half of 2023, 15 more wells will follow on the "Woody" and "William" well pads, which will commence production in 2023 (5 wells) and 2024 (10 wells).

In parallel, Salt Creek sold its remaining acreage in North Dakota to various buyers for USD 6.6 million. The acreage was acquired in various transactions since 2016 for a total of approximately USD 7.5 million and had generated approximately USD 3 million in cash flow during the holding period. As part

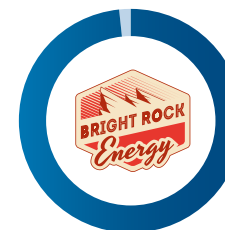
of a reorganization within the Deutsche Rohstoff Group, Salt Creek also acquired all of Bright Rock Energy's acreage in Utah, which Bright Rock had operated as a "non-op." This clearly separated the business models of the subsidiaries.

**Cub Creek Energy's** production in Colorado and Wyoming also developed according to plan. In Wyoming, preparations began for wells at the Lost Springs and Netz well pad. Due to the high cash flow, all existing shareholder loans of around USD 32 million to Deutsche Rohstoff AG and a bank loan of USD 23 million were repaid.

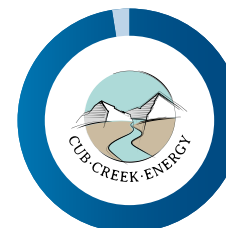
Following the transfer of the Utah acreage to Salt Creek Oil & Gas, **Bright Rock Energy's** focus is on further development



Share Deutsche Rohstoff  
as of 31 December 2022  
**100,00 %**



Share Deutsche Rohstoff  
as of 31 December 2022  
**98,49 %**



Share Deutsche Rohstoff  
as of 31 December 2022  
**97,67 %**

## KONZERN-LAGEBERICHT

of the approximately 34,800 acre acreage package in Wyoming. In early 2022, an additional 9,500 acres of acreage were acquired in the Powder River Basin in Wyoming where there was no producing well at the time of purchase. There are over 200 wells possible on this acreage for which management is preparing a potential drilling program in 2023. The well from the Buster well pad, which began production in October 2021, continued to produce very positive results in 2022, well above expectations. To date, 200,000 BO have been produced. The investment volume of approximately USD 10.5 million was repaid after 11 months.

**Deutsche Rohstoff AG** increased ownership via Deutsche Rohstoff USA in Cub Creek Energy and the acreage in Utah held by Bright Rock. Shares amounting to 9.5 % in Cub Creek Energy were acquired from minority shareholders. The investment of approximately USD 15.5 million in H2 significantly strengthened the ownership position so that Deutsche Rohstoff now holds at least 97 % or more of the US subsidiaries, with the exception of Elster Oil & Gas (93 %). The remaining minority interests are mainly held by the local management teams. When new subsidiaries are established, Deutsche Rohstoff offers central employees the opportunity to acquire

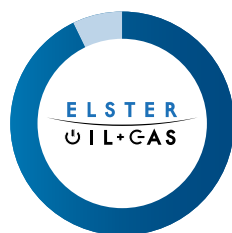
a share. In addition, members of the management in US subsidiaries are incentivized via so-called profit units. These profit units then receive a share of the companies' profits after Deutsche Rohstoff AG has recovered 100 % of the capital invested in the subsidiaries, including an appropriate return.

### METALS BUSINESS UNIT

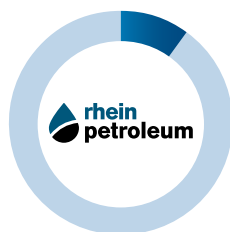
The investment portfolio in the metals sector was further expanded in the lithium space, in addition to the long-standing investment in Almonty in the tungsten sector. In Western Australia, exploration of lithium deposits was started together with SensOre. The renamed subsidiary Prime Lithium AG started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

Conversely, shareholdings in Germany in the tin (Tin International AG) and conventional oil production (Rhein Petroleum) sectors were sold.

**Tin International AG** did not commence any further activities in 2022. In December, **Rhein Petroleum's** parent company, Tulip Oil Netherlands, announced that it would sell its shares to the British Beacon Energy plc (AIM: BCE). In this context, a shareholders' agreement became effective, according to which Deutsche Rohstoff AG must also sell its 10 % stake. As part of the sale, Deutsche Rohstoff will receive a share in Beacon of around 3.3 % as well as a revenue share of around 1 % of the future net returns from the production of Rhein Petroleum ("earn-out").



**Share Deutsche Rohstoff**  
as of 31 December 2022  
**93,00 %**



**Share Deutsche Rohstoff**  
as of 31 December 2022  
**10,00 %**



**Share Deutsche Rohstoff**  
as of 31 December 2022  
**100,00 %**



## GROUP MANAGEMENT REPORT

### 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.

	2022	2021	IN %
Revenue in CAD million	24.8	20.8	19 %
Production costs in CAD million	20.0	19.6	2 %
Net result in CAD million	-14.5	-7.7	-88 %
Per share in EUR	-0.07	-0.04	-75 %
Share price in CAD	0.64	0.89	-18 %
Equity in CAD million	39.8	37.5	6 %
EC ratio	21 %	23 %	-2 % P

In fiscal year 2022, Almonty reported a 19 % increase in revenue. Production costs as a percentage of revenue decreased from 94 % in the previous year to 81 % in 2022. However, due to special effects in the previous year resulting from a write-up of CAD 4.1 million as well as exchange rate losses, the net result of minus CAD 14.5 million was 88 % lower than in the previous year (CAD 7.7 million).

In July 2022, Almonty closed its USD 75.1 million project financing with KfW IPEX-Bank. By the end of the year, a total of USD 26.7 million of this had been drawn in three tranches. As of December 31, 2022, the Company had cash and receivables of CAD 10.6 million (of which CAD 7.9 million was for use on the Sangdong project) and a working capital deficit (current

receivables less current liabilities) of CAD 34.1 million (prior year: CAD 30.0 million). Non-current financial liabilities increased by CAD 10.1 million to CAD 59.1 million as a result of the loan drawings.

To improve liquidity and maturity matching, Almonty carried out further capital measures and renegotiated repayment dates. Deutsche Rohstoff AG contributed to this, among other things, by extending the maturity dates of loans totaling USD 15.3 million until September 30, 2024. Almonty's equity

increased by more than CAD 2 million to CAD 39.8 million, which corresponds to an equity ratio of approximately 21 %.

Subsequent to the closing date, Almonty raised an additional AUD 5.5 million through the issuance of equity and extended loans in the amount of USD 15.7 million until March 2024. In early April 2023, the fourth tranche was drawn from KfW IPEX-Bank in the amount of USD 5.6 million. Almonty believes that based on the current price of tungsten concentrate (APT) and its projected production schedule for fiscal 2023, it will be able to generate sufficient cash flow to meet its ongoing obligations from the producing mine.



**Share Deutsche Rohstoff**  
as of 31 December 2022  
**95,04 %**



**Share Deutsche Rohstoff**  
as of 31 December 2022  
**72,46 %**



**Share Deutsche Rohstoff**  
as of 31 December 2022  
**100,00 %**

## GROUP MANAGEMENT REPORT

### Northern Oil & Gas shares

The sale of shares in Northern Oil and Gas Inc. (NOG) generated income of EUR 7.2 million in 2022. This increased the contribution to earnings from the sale of NOG shares and the share portfolio established since April 2020 to a total of more than EUR 20 million. At the end of the year, there were still unrealized gains of EUR 7.7 million remaining.

### FINANCING, CHANGES IN CORPORATE BODIES AND CAPITAL DECREASE

In order to finance the further growth of oil and gas production in the USA, the 19/24 bond was successfully increased from EUR 87 million to EUR 100 million at the beginning of 2022. The bond was placed close to the then stock market price in February at a price of 102 % by ICF Bank AG.

The Annual General Meeting elected Dr. Thomas Gutschlag, Martin Billhardt and Dr. Werner Zöller to the Supervisory Board. In the subsequent Supervisory Board meeting, Dr. Thomas Gutschlag was elected as the new Chairman. The Supervisory Board extended the appointment of the sole Executive Board member Jan-Philipp Weitz by 5 years to June 2027. Henning Döring was appointed to the Executive Board effective October 1.

Due to the redemption of 127,810 treasury shares and the corresponding reduction of the share capital by approx. 2.49 %, the number of shares and the share capital of Deutsche Rohstoff AG decreased. Due to the exercise of options from the convertible bond for the exchange of the equivalent of 31,607 shares and 5,000 stock options from the employee stock option program, the number of shares increased again slightly to 5,003,081 by December 31, 2022.

## 3. RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

### AT A GLANCE

- Revenue up 125 % to EUR 165.4 million
- Net income and earnings per share increase by over 140 % to EUR 66.2 million and EUR 12.15 respectively

### SELECTED DATA FROM THE INCOME STATEMENT

IN EUR MIO.	2022	2021	IN %
Revenues	165.4	73.3	125.6 %
Overall performance <sup>1</sup>	191.2	96.3	98.6 %
Gross profit <sup>2</sup>	160.8	78.2	105.7 %
EBITDA <sup>3</sup>	139.1	66.1	110.6 %
EBIT	91.4	32.6	180.6 %
Result before taxes	85.9	27.1	217.6 %
Net income	66.2	26.4	151.1 %
– EBITDA Margin	84.1 %	90.1 %	
– Gross profit margin	97.2 %	106.6 %	
Earnings per share	12.15	5.00	143.0 %
Dividend per share	1.30	0.60	116.7 %

<sup>1</sup> Total operating performance is defined as net revenue 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.

<sup>2</sup> Gross profit is defined as total output less cost of materials.

<sup>3</sup> 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.

### REVENUES AND EARNINGS

The increase in oil and gas volumes produced by more than 35% to an average of 9,594 BOEPD, the increase in the average realized oil price after hedging by more than 43 % to USD 76.59/bbl, as well as the strong increase in the USD exchange rate by about 12 % led to record revenue of EUR 165.4 million (+125% compared to the previous year). Production taxes of EUR 20.3 million (previous year: EUR 9.6 million) as well as realized losses from hedging transactions on oil and gas (hedging) amounting to EUR -38.5 million (previous year: EUR -14.3 million) were deducted from gross revenue in accordance with the HGB definition of revenue. The total increase in revenue of 125 % can be attributed 50% to volume increases for oil and gas, 60 % to price increases and 15% to the increase in the USD exchange rate.

The main components of other operating income of EUR 25.9 million (previous year: EUR 23.0 million) are income from the sale of shares in NOG and other mining companies of EUR 9.9 million held by Deutsche Rohstoff AG, income from exchange rate gains of EUR 6.5 million, write-ups on property, plant and equipment and shares in fixed and current assets of EUR 5.4 million, and income from the sale of acreage in North Dakota of EUR 3.0 million.

Total operating performance of EUR 191.2 million (previous year: EUR 96.3 million) was offset by expenses of EUR 52.2

## GROUP MANAGEMENT REPORT

million (previous year: EUR 30.2 million), resulting in EBITDA of EUR 139.1 million (previous year: EUR 66.1 million).

### OPERATING COSTS

Cost of materials includes oil and gas well operating costs and increased by EUR 12.3 million to EUR 30.4 million in 2022. Per produced output volume (BOE), operating costs increased by 11.6 % from 8.20 USD/BOE to 9.04 USD/BOE due to a higher gas share and associated processing fees, isolated changes in the billing of transport fees for gas, which in the previous year were still deducted directly from revenue as a so-called differential and not billed separately, as well as general price increases (inflation). The cost increase per BOE was significantly more than offset by the price increase per output unit, with the result that the cost of materials ratio fell from 24.7 % in the previous year to 18.4 % in 2022.

The Group's personnel expenses increased to EUR 6.5 million (previous year: EUR 5.1 million), in particular due to the further increase in personnel at the largest subsidiary Cub Creek Energy. At the level of Deutsche Rohstoff AG, personnel expenses amounted to EUR 2.0 million (previous year: EUR 1.7 million).

### TAB. REVENUE GROWTH BY ORIGIN

IN TEUR	31/12/2021	VOLUME INCREASE		PRICE INCREASE		FX	31/12/2022
		OIL	GAS & NGL	OIL	GAS & NGL	US-DOLLAR	
Revenues	73,271	32,023	5,413	36,486	7,380	10,867	165,439
Change in %		44 %	7 %	50 %	10 %	15 %	126 %

Other operating expenses increased by EUR 8.3 million to EUR 15.3 million (previous year: EUR 7.0 million) and include costs of general administration amounting to EUR 3.4 million (including for insurance, rent, IT systems, monetary transactions and bond increase, Annual General Meeting, investor relations, committees, travel expenses, external accounting in the USA), losses from the disposal of shares in mining companies held by Deutsche Rohstoff AG in the amount of EUR 2.6 million, foreign exchange losses of EUR 2.6 million, legal and consulting fees of EUR 2.2 million, losses on the disposal of property, plant and equipment of EUR 1.7 million, additions to provisions for obligations to recultivate land after the completion of mining activities of EUR 1.1 million and costs for project development and exploration activities of EUR 0.9 million. Net exchange rate effects recognized in profit or loss amounted to a gain of EUR 3.9 million.

As a result, earnings before interest, taxes, depreciation, and amortization (**EBITDA**) increased by 110.6 % to EUR 139.1 million (previous year: EUR 66.1 million). The **EBITDA margin** fell slightly year-on-year from 90.1 % in 2021 to 84.1 % due to lower other operating income on the one hand and higher other operating expenses on the other.

### DEPRECIATION

Depreciation and amortization of EUR 42.2 million (previous year: EUR 30.3 million) almost exclusively represents write-downs on the fixed assets of the producing oil and gas facilities in the USA.

Depreciation per BOE was USD 12.46 in 2022, almost unchanged from the previous year (USD 13.68/BOE).

Earnings before interest and taxes (**EBIT**) amounted to EUR 91.4 million (previous year: EUR 32.6 million). The **EBIT margin** increased from 44.4 % in 2021 to 55.3 %.

### FINANCIAL RESULT AND TAXES

The financial result includes interest payments on the outstanding bonds at the level of Deutsche Rohstoff AG and interest payments to U.S. banks in connection with the lending of reserves. The expense was offset by interest income and income from investments. Impairment losses of EUR 2.4 million were recognized on the investment in Rhein Petroleum GmbH in the fiscal year 2022.

The tax result was EUR -19.8 million (previous year: EUR -0.7 million) and mainly includes the deferred tax expense on the results of the US subsidiaries. Deutsche Rohstoff AG has thus used up all trade tax loss carryforwards. In the area of corporate income tax, a loss carryforward of EUR 8.3 million remains (previous year: EUR 11.7 million). In the US, there are loss carryforwards of USD 58.3 million for taxes in the states of Colorado and North Dakota (state tax).

## GROUP MANAGEMENT REPORT

### CONSOLIDATED NET INCOME AND EARNINGS PER SHARE

Consolidated net income increased to EUR 66.2 million (previous year: EUR 26.4 million). With 5,003,081 shares (previous year: 5,081,747), this results in earnings per share after deduction of minority interests of EUR 12.15 (previous year: EUR 5.00). This corresponds to an increase of more than 140 %.

### DEVELOPMENT OF GUIDANCES

The guidance for 2022 was adjusted several times during the year. Due to the steady rise in commodity prices, high other operating income and the good development of oil and gas production, the guidance for 2022 was revised upward a total of three times. The final figures were thus in line with the last guidance issued on December 12, 2022.

### COMPARISON WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The comparable companies ("peers") of the Deutsche Rohstoff Group are listed on stock exchanges outside Germany and

therefore almost exclusively prepare their accounts in accordance with US GAAP or International Financial Reporting Standards (IFRS). In order to make the key figures of the Deutsche Rohstoff Group more comparable with its peers, we show below a reconciliation of our consolidated income statement in accordance with IFRS. The presentation does not correspond to a full IFRS application and is therefore to be understood as a pro forma statement. Only effects that have an impact of at least EUR 100 thousand on revenue, EBITDA and/or net profit have been taken into account. No conversion was made for the standards IFRS 2, IFRS 5 and IFRS 8.

The main differences between HGB and IFRS with regards to the results of operations result from the following effects:

1) Gross reporting of revenue: Whereas under German GAAP, production taxes and the effects of hedging transactions for oil and gas (hedging) are deducted from gross revenues and thus reported as "netted" in revenue, under IFRS they are reported as "unnetted". As unrealized gains and losses

from hedging transactions are recognized in profit or loss under IFRS, there are correction effects from previous years (see also the comments below under 3). As a result of the transition to IFRS, revenue increased by EUR 52.3 million. Other operating income and expenses will also increase accordingly. There is no effect on earnings figures (EBITDA, net profit).

2) Fair value accounting for financial instruments: Under HGB, securities are accounted for using the historical cost convention. IFRS 9 uses various categories for the measurement of financial assets, which provide for either amortization of cost or measurement at fair value through other comprehensive income or fair value through profit or loss. Measurement at fair value through profit or loss is deemed to be relevant for securities held as current assets and shares held as non-current assets with the intention of selling them in the medium term, resulting in an effect in the area of other operating income totaling EUR 3.4 million. The other earnings figures (EBITDA, net

#### TAB.DEVELOPMENT OF GUIDANCES

	20. JANUARY 2022	25. APRIL 2022	14. OCTOBER 2022	12. DECEMBER 2022
Revenue	126–134 EUR Mio.	130–140 EUR Mio.	152–157 EUR Mio.	163–168 EUR Mio.
EBITDA	97–102 EUR Mio.	110–120 EUR Mio.	128–133 EUR Mio.	138–143 EUR Mio.
<b>DEVELOPMENT OF GUIDANCES:</b>				
Oil price	80.00 USD	85.00 USD	85.00 USD	75.00 USD
Gas price	3.50 USD	4.00 USD	6.00 USD	4.00 USD
Exchange rate	1.15 USD	1.12 USD	1.00 USD	1.12 USD

## GROUP MANAGEMENT REPORT

income) increase by a corresponding amount. Unrealized gains from previous years were not recognized in the financial year 2022, but rather in the equity item for information purposes.

3) Fair value accounting for derivative financial instruments: In the area of derivative financial instruments (hedging) for hedging oil and gas price risk, HGB requires accounting in accordance with Section 254 HGB (valuation unit), with the result that unrealized gains and losses from the hedging transactions have no effect on the income statement. Valuation of the unrealized gains and losses in accordance with IFRSs would have an effect of EUR 6.6 million on other operating income and EUR 0.4 million on other operating expenses. Accordingly, the other earnings figures (EBITDA, net profit) increase by EUR 6.2 million.

4) Capitalization of dismantling obligations: Under HGB, provisions for the dismantling and recultivation of well pads are accumulated ratably over the life of the well as an accumulation provision (so-called accumulation provision). Under IFRS, on the other hand, dismantling obligations are initially recognized at the beginning of production as an asset and a provision without affecting profit or loss and then written down accordingly in subsequent measurement over the term (asset) or discounted (provision) as part of the shortening of the discounting period. The reconciliation to IFRS results in a reduction in other operating expenses of EUR 1.1 million. Depreciation and amortization increased by EUR 0.6 million and interest expense by EUR 0.5 million by the same amount. The reclassification has a positive effect on EBITDA. The consolidated result remains unchanged.

### 1) CONVERSION IN THE AREA OF SALES REVENUE

	GERMAN GAAP	ADJUSTMENT	IFRS
<b>GROSS REVENUE FROM OIL AND GAS SALES</b>	<b>224,342,360</b>		
+ Profits from hedging	440,544	-440,544	
./. Unrealised gains from hedging previous year	-	113,318	
./. Losses from hedging	-39,028,355	39,028,355	
+ Unrealised losses from hedging previous year	-	-6,671,524	
./. Production taxes	-20,315,283	20,315,283	
<b>REVENUES</b>	<b>165,439,266</b>	<b>52,344,888</b>	<b>217,784,154</b>
Other operating income	-	327,226	440,544
Other operating expenses	-	-52,672,114	-59,343,638
<b>EBITDA</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONSOLIDATED NET INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 2) CONVERSION OF FINANCIAL INSTRUMENTS

	GERMAN GAAP	ADJUSTMENT	IFRS
Other operating income	-	<b>3,409,168</b>	<b>3,409,168</b>
<b>EBITDA</b>	<b>-</b>	<b>3,409,168</b>	<b>3,409,168</b>
<b>CONSOLIDATED NET INCOME</b>	<b>-</b>	<b>3,409,168</b>	<b>3,409,168</b>
<b>EQUITY (FOR INFORMATION)</b>	<b>-</b>	<b>4,297,990</b>	<b>4,297,990</b>

### 3) CONVERSION OF DERIVATIVE FINANCIAL INSTRUMENTS

	GERMAN GAAP	ADJUSTMENT	IFRS
Other operating income	-	<b>6,627,637</b>	<b>6,627,637</b>
Other operating expenses	-	430,366	430,366
<b>EBITDA</b>	<b>-</b>	<b>6,197,272</b>	<b>6,197,272</b>
<b>CONSOLIDATED NET INCOME</b>	<b>-</b>	<b>6,197,272</b>	<b>6,197,272</b>

## GROUP MANAGEMENT REPORT

5) On-balance sheet leases: Under German GAAP, leases are recognized as expenses, whereas IFRS generally requires leases and rights of use to be capitalized. As part of the transition, leases for the rental of office space in Germany and the USA were transferred to lease accounting in accordance with IFRS 16. For the production facilities in the oil and gas fields, the interpretations under US GAAP were followed in a simplified manner and no leases were identified as a result. As a result of the conversion effects, there was a reduction in other operating expenses of EUR 0.2 million. Depreciation and amortization increased by EUR 0.15 million and interest expense by EUR 0.05 million by the same amount. The reclassification has a positive effect on EBITDA. The consolidated result remains unchanged.

6) Interest expense: Under German GAAP, transaction costs for the issuance and reopening of bonds are recognized in the income statement under other operating expenses in the respective year in which they are incurred. Under IFRS, however, transaction costs are included in the calculation of the effective interest rate and are spread over the term. In the transition to IFRS, transaction costs from the years 2019 and 2022 in the amount of EUR 1,611 thousand were distributed over the remaining term of the bond 2019/2024. The transaction costs from 2022 lead to a reduction in other operating expenses of EUR 0.2 million. Together with the transaction costs from previous years, this leads to an increase in interest expense of EUR 0.3 million. The reclassification has a positive effect on EBITDA. The net profit for the period remains unchanged. Adjustments for prior years are to be recognized in equity.

### 4) CONVERSION OF THE ASSET RETIREMENT OBLIGATION

	GERMAN GAAP	ADJUSTMENT	IFRS
Other operating expenses	-1,076,662	1,076,662	-
<b>EBITDA</b>		1,076,662	1,076,662
Depreciation	-	-573,557	-573,557
Interest expenses	-	-503,105	-503,105
<b>CONSOLIDATED NET INCOME</b>		-	-

### 5) CONVERSION OF LEASES

	GERMAN GAAP	ADJUSTMENT	IFRS
Other operating expenses	-190,707	190,707	-
<b>EBITDA</b>		190,707	190,707
Depreciation	-	-148,962	-148,962
Interest expenses	-	-41,745	-41,745
<b>CONSOLIDATED NET INCOME</b>		-	-

### 6) CONVERSION TO EFFECTIVE INTEREST METHOD

	GERMAN GAAP	ADJUSTMENT	IFRS
Other operating expenses	-226,433	226,433	0
<b>EBITDA</b>		226,433	226,433
Interest expenses	-	-348,203	-348,203
<b>CONSOLIDATED NET INCOME</b>	-	-	-
<b>EQUITY (FOR INFORMATION)</b>	-	-121,770	-121,770

### 7) CONVERSION OF LOSS CARRYFORWARD

	GERMAN GAAP	ADJUSTMENT	IFRS
Tax expense	-	2,274,054	2,274,054
<b>CONSOLIDATED NET INCOME</b>	-	2,274,054	2,274,054

## GROUP MANAGEMENT REPORT

7) Loss carryforwards: Under HGB, there is an option to capitalize deferred tax assets on loss carryforwards, whereas under IFRS, loss carryforwards are to be capitalized if it is sufficiently probable that they can be realized within the next few years. A period of 5 years was used as the basis for determining realizability. In the course of the

associated capitalization of further loss carryforwards, the tax expense decreases and the consolidated profit increases by EUR 2.3 million.

8) The following illustration summarizes the effects described above, see table 8.

Conversion to IFRS has a positive effect on all KPIs of the Deutsche Rohstoff Group. The biggest effect is in the area of revenue, which at EUR 217.8 million is 32 % higher than the figure under HGB. EBITDA increases by 8 % to over EUR 150 million and consolidated net income by approx. 19 % to EUR 78.6 million.

### 8) INCOME STATEMENT

	GERMAN GAAP 31/12/2022 EUR	ADJUSTMENT ACCORDING TO IFRS (PRO FORMA)		IFRS 31/12/2022 EUR	DELTA IN %
1. REVENUE	165,439,266	52,344,888	1)3)	217,784,154	32 %
2. INCREASE OR DECREASE IN FINISHED GOODS	-44,635			-44,635	
4. OTHER OPERATING INCOME	25,855,321	10,364,032	1)2)3)	36,219,353	
5. COST OF MATERIALS	30,443,435			30,443,435	
6. PERSONNEL EXPENSES	6,458,333			6,458,333	
7. OTHER OPERATING EXPENSES	15,260,516	51,608,678	1)3)4)5)	66,869,194	
<b>EBITDA</b>	<b>139,087,668</b>	<b>11,100,242</b>		<b>150,187,909</b>	<b>8 %</b>
8. AMORTIZATION AND DEPRECIATION	42,167,564	722,519	4)5)	42,890,083	
9. AMORTIZATION OF FINANCIAL ASSETS	5,488,660			5,488,660	
<b>EBIT</b>	<b>91,431,443</b>	<b>10,377,723</b>		<b>101,809,166</b>	<b>11 %</b>
10. INTEREST AND SIMILAR INCOME	1,384,502			1,384,502	
11. INTEREST AND SIMILAR EXPENSES	6,877,926	196,648	4)5)	7,074,574	
12. INCOME TAXES	19,752,414	-2,274,054	7)	17,478,359	
13. EARNINGS AFTER TAXES	66,185,605	12,455,129		78,640,735	
14. <b>NET LOSS/INCOME FOR THE GROUP FOR THE YEAR</b>	<b>66,185,605</b>	<b>12,455,129</b>		<b>78,640,736</b>	<b>19 %</b>



## GROUP MANAGEMENT REPORT

The effects recognized in profit or loss mainly result from the more stringent application of fair value accounting under IFRS, which can also lead to greater volatility in earnings figures. This relates in particular to the effects in the area of hedging transactions and securities and thus to the level of adjustments in the area of revenue and other operating income. Adjustment effects in the area of deferred taxes on loss carryforwards are to be regarded as non-recurring.

### NET ASSETS

#### AT A GLANCE

- Total assets increase by 32 % to EUR 350.3 million as a result of investing activities
- Equity ratio increased by 7 percentage points to 37.6

### DEVELOPMENT OF ASSETS

See table page 37

### PROPERTY, PLANT, AND EQUIPMENT AND INTANGIBLE ASSETS

The consolidated balance sheet total increased from EUR 265.0 million to EUR 350.3 million in the reporting year. Property, plant, and equipment increased from EUR 149.1 million to EUR 192.6 million due to the high level of capital expenditure. Intangible assets increased from EUR 29.8 million to EUR 33.9 million. As of December 31, 2022, intangible assets consist of subsidy rights amounting to EUR 32.5 million (previous year: EUR 28.6 million) and goodwill of EUR 1.2 million (previous year: EUR 1.3 million). Property, plant, and equipment mainly

comprises the producing oil production facilities in the amount of EUR 161.9 million (previous year: EUR 143.6 million).

### DEVELOPMENT OF FINANCIAL ASSETS AND RECEIVABLES

The main components of financial assets are the shares in Almonty Industries amounting to EUR 15.4 million (previous year: EUR 12.1 million) and loans in the form of loans and convertible bonds to Almonty Industries amounting to EUR 14.2

million (previous year: EUR 9.6 million). In return, the investment in Rhein Petroleum was written off in full, so that the total value of financial assets increased slightly to EUR 33.9 million (previous year: EUR 33.0 million).

Receivables with a term of up to one year and other assets amounted to EUR 33.6 million as of December 31, 2022 (previous year: EUR 26.4 million). The main item here is trade receivables with a value of EUR 28.6 million (previous year: EUR 16.8 million).



LOST SPRINGS WELL PAD, WYOMING



## GROUP MANAGEMENT REPORT

### CASH AND CASH EQUIVALENTS

Marketable securities amounted to EUR 6.7 million (previous year: EUR 10.8 million). Bank balances amounted to EUR 47.4 million (previous year: EUR 12.7 million).

### DEVELOPMENT OF LIABILITIES

See table page 37

TAB. DEVELOPMENT OF ASSETS

	31/12/2022		31/12/2021		CHANGE	
	IN MIO. €	IN %	IN MIO. €	IN %	IN MIO. €	IN %
Non-current assets	260.5	74	211.8	80	48.7	23 %
Current assets	87.9	25	50.1	19	37.8	76 %
– thereof cash and cash equivalents	55.3	16	23.5	9	31.8	135 %
<b>TOTAL ASSETS</b>	<b>350.3</b>		<b>265.0</b>		<b>85.3</b>	<b>32 %</b>

TAB. DEVELOPMENT OF LIABILITIES

	31/12/2022		31/12/2021		CHANGE	
	IN MIO. €	IN %	IN MIO. €	IN %	IN MIO. €	IN %
Equity	132.4	38	80.1	30	52.3	65 %
Liabilities	149.9	42	148.1	56	1.8	1 %
Accruals	32.7	9	18.8	7	13.9	74 %
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>350.3</b>		<b>265.0</b>		<b>85.3</b>	<b>32 %</b>

### INCREASE IN EQUITY

Shareholders' equity increased to EUR 132.4 million (previous year: EUR 80.1 million) as a result of the consolidated net income as of December 31, 2022. The equity ratio thus amounts to 37.8 % in the financial year (previous year: 30.2 %).

Provisions amounted to EUR 32.7 million as of December 31, 2022 (previous year: EUR 18.8 million) and mainly re-

late to local taxes not yet due for the US oil and gas companies, services not yet invoiced by oilfield service companies, and provisions for dismantling obligations of the US subsidiaries.

### DEVELOPMENT OF LIABILITIES

The **bonds** with a volume of EUR 109.8 million (previous year: EUR 97.8 million) comprise a convertible bond and a final maturing bond. The non-convertible bond with maturity date of December 6, 2024, bears interest at 5.25 %. As of December 31, 2022, this bond had a volume of EUR 100.0 million. At the end of 2022, the convertible bond still had a volume of EUR 9.8 million, an interest rate of 3.625 % and a conversion price of EUR 28, and had a term until the end of March 2023.

The reserved-based lending facility (RBL) drawn in the USA in the previous year was repaid in full during the year (previous year: EUR 18.5 million). At the end of the year, there were unused RBLs at Cub Creek Energy and Salt Creek Oil & Gas totaling USD 60 million.

**Other liabilities** of EUR 28.7 million (previous year: EUR 9.9 million) result from tax liabilities and revenue payments at Cub Creek Energy that are still to be made to royalty owners and partner companies involved in the drilling projects.

The deferred tax liabilities of EUR 35.2 million (previous year: EUR 18.0 million) result from the tax treatment of oil and gas wells in the USA, for which U.S. tax law in some cases allows early amortization, which is associated with the recognition of deferred tax liabilities.

# GROUP MANAGEMENT REPORT

## FINANCIAL POSITION

### AT A GLANCE

- Cash and cash equivalents more than doubled to EUR 54.2 million
- Net debt/EBITDA ratio significantly reduced from 1.4 to 0.4
- Available credit lines in the USA at USD 60 million as of the reporting date

### PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

Deutsche Rohstoff AG has a central financial management system whose main objective is to secure the Group's long-term financial strength. Deutsche Rohstoff's financial management comprises capital structure management, cash and liquidity management, and the management of commodity, currency, and investment risks. Financial processes and responsibilities are defined and monitored throughout the Group. The investment policy is approved by the Supervisory Board.

Capital structure management aims to establish an appropriate capital structure for each company within the Group while minimizing costs and risks. An appropriate structure must comply with tax, legal and commercial requirements. The Group increases or decreases capital within the Group companies in line with the strategic orientation of the companies.

Liquidity management aims to ensure the effective management of cash flows within each company. The finance department and local management monitor cash flows within the Group several times a week and take corrective action where necessary. Financing requirements are met from cash within the Group, either through intercompany loans or changes in equity.

The investment policy is determined by the Executive Board in consultation with the management of the subsidiaries and approved by the Supervisory Board of Deutsche Rohstoff AG. Surplus cash is invested in accordance with this policy.

As a result of its international business activities, the Deutsche Rohstoff Group mainly invests in USD, and to a much lesser extent in AUD and CAD. The associated exchange rate risk is monitored centrally and taken into account as part of liquidity management. Speculative foreign currency transactions are not concluded.

### FUNDING

The equity ratio increased to 37.8 % in the course of the financial year (previous year: 30.2 %).

The share capital of Deutsche Rohstoff AG amounted to EUR 5,003,081 as of December 31, 2022 (December 31, 2021:

5,081,747). It is divided into 5,003,081 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. The change in capital stock is due to the capital reduction of 127,810 shares on the one hand and to the exercise of employee stock option programs and the shares issued upon the pro rata conversion of the convertible bond on the other hand.

In the financial year 2022, 5,000 stock options from past stock option programs were exercised (2021: 0 options) and new stock options amounting to 96,500 were issued (2021: 94,500 options).

As of December 31, 2022, Deutsche Rohstoff AG had a non-convertible bond 2019/2024 (WKN A2YN3Q) with a total volume of EUR 100.0 million outstanding. The bond was placed in February 2022 from EUR 87.1 million to EUR 100.0 million. The coupon amounts to 5.25 % and is paid semi-annually. The bond matures on December 6, 2024. In the reporting year, it traded between 99.1 and 106.00 %, with an average of 101.81 %.

As a further financing instrument, the company issued a convertible bond in March 2018. The outstanding volume amounted to EUR 9.815 million at the end of 2022. By the end of the

### TAB. SUBSCRIPTION RIGHTS TO SHARES

	31/12/2021	EXECUTION	EXPIRED	ALLOCATION	31/12/2022
Subscription rights to shares	200.000	5.000	0	96.500	291.500

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conversion period on February 8, 2023, EUR 0.9 million had been converted. Deutsche Rohstoff AG repaid the convertible bond in full on schedule on March 29, 2023.

The Group's U.S. companies had repaid their loan liabilities of USD 32 million during the year and had undrawn credit lines of USD 60 million at the reporting date.

### CASH AND CASH EQUIVALENTS

As of December 31, 2022, cash and cash equivalents including marketable securities in the Group amounted to EUR 54.2 million (previous year: EUR 23.5 million). Cash and cash equivalents correspond to cash at banks less current account liabilities at banks.

### CASH FLOW

Cash flow from operating activities amounted to EUR 142.7 million in 2022 (previous year: EUR 51.8 million). This positive cash flow was mainly the result of revenue generated by the US subsidiaries Cub Creek Energy (EUR 115.5 million), Elster Oil & Gas (EUR 15.1 million) Salt Creek Oil & Gas (EUR 16.5 million) and Bright Rock Energy (EUR 25.1 million). Cash income was offset by cash expenses from operating activities, primarily for drilling operating costs (EUR 30.4 million) and personnel expenses (EUR 6.5 million). The gain on the disposal/valuation of marketable securities (EUR 8.3 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 2022 is mainly characterized by investments in the U.S. oil and gas activities and the investment in the equity and bond portfolio. Investments at Cub Creek Energy amounted to EUR 23.6 million and at Salt

Creek Oil & Gas to EUR 43.0 million. Around EUR 3.7 million was paid into the share and bond portfolio, offset by revenue of around EUR 11.3 million.

Cash flow from financing activities amounted to EUR -34.7 million (EUR -19.7 million). Here, the cash inflows from the increase of the bond 19/24 in the amount of EUR 12.9 million are mainly offset by the cash outflows from the repayment of the USD credit line at Cub Creek Energy in the amount of EUR -22.0 million and the payments to shareholders for dividends,

profit participations and the purchase of minority interests in subsidiaries (EUR -20.4 million).

From today's perspective, the Executive Board 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 a very good equity and liquidity position.

In the following, the Company provides an overview of other key figures that are not used for the direct management of the



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## GROUP MANAGEMENT REPORT

Company and are of particular importance for assessing debt service capacity. The figures are based on the reporting date of December 31, 2022.

### OTHER SELECTED FINANCIAL INFORMATION

Other selected financial information includes ratios that are frequently used to assess the financial position or debt capacity and relate to the interest coverage ratio and the debt-equity ratio in various definitions. All key figures were significantly improved in the past fiscal year. In a synthetic rating, the Deutsche Rohstoff Group thus achieves a AAA rating.<sup>3</sup> The D&B rating is 4A1.<sup>4</sup>

	2022	2021	DELTA IN %
EBIT Interest Coverage Ratio <sup>1</sup>	13.3	5.2	156.0 %
EBITDA Interest Coverage Ratio <sup>2</sup>	20.2	10.5	92.1 %
Total DEBT / EBITDA <sup>3</sup>	0.8	1.8	-55.5 %
Total Net Debt/EBITDA (Verschuldungsgrad) <sup>4</sup>	0.4	1.4	-71.8 %

<sup>1</sup> Ratio of EBIT (EBIT is defined as net revenue plus changes in inventories plus other own work capitalized plus other operating income less cost of materials less personnel expenses less depreciation and amortization less other operating expenses less other taxes plus income from investments) to interest expense and similar charges.

<sup>3</sup> Based on the Interest Coverage Ratio, the AAA rating grade starts at 8.5, see: [https://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/ratings.html](https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ratings.html)

<sup>4</sup> Retrieved Feb. 23, 2023.

<sup>2</sup> Ratio of EBITDA (EBITDA is defined as EBIT plus depreciation and amortization) to interest expense and similar charges.

<sup>3</sup> Ratio of financial liabilities (financial liabilities are defined as liabilities to banks plus liabilities from bonds plus other interest-paying liabilities) to EBITDA.

<sup>4</sup> Ratio of net debt (net debt is defined as total debt less cash and cash equivalents) to EBITDA. Cash and cash equivalents are bank balances plus current securities.

### 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

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 fiscal year 2022 was a record year for the Deutsche Rohstoff Group.

Production was expanded significantly. The four subsidiaries in the USA produce oil & gas (gross) from around 350 wells, or 94 net wells, with a calculated share of 100 %. This means that a production level of around 10,000 barrels of oil equivalent per day (BOEPD) was achieved for the first time, compared with an average of 6,000 BOEPD per year in the previous five years.

A total of EUR 72 million were invested in oil & gas wells in 2022. Of this, around EUR 43 million went into the drilling program with Oxy, around EUR 20 million into drilling programs in Utah and EUR 5 million into non-operated wells of other companies. Inflation has been felt in drilling development, as it has elsewhere in most industries worldwide. Overall, drilling costs for wells in Wyoming have increased by approximately 10 %.

The investments further increased the value of the secure oil and gas reserves. As of December 31, 2022, proved reserves totaled USD 352 million (previous year: USD 318 million), and proved and probable reserves combined totaled USD 372 million (previous year: USD 368 million). Proved reserves were calculated at 35.7 million barrels of oil equivalent (BOE) at year-end (previous year: 29.2 million BOE), while probable reserves were calculated at 13.7 million BOE (previous year: 19.4 million BOE).

Compared to the previous year, oil and gas volumes produced increased by more than 35 %. Together with the increase in the average realized oil price after hedging by more than 43 %

## GROUP MANAGEMENT REPORT

to USD 76.59/bbl and the increase in the USD exchange rate by more than 12 %, this resulted in record revenue of EUR 165.4 million (+125 % year-on-year).

As a result of the strong revenue development, profitability ratios also more than doubled. EBITDA rose by 110 % to EUR 139.1 million (previous year: EUR 66.1 million). Consolidated net income rose to EUR 66.2 million (previous year: EUR 26.4 million) and exceeded the best annual result in the company's history to date from 2021 by more than 150 %.

The net assets and financial position were also further improved in fiscal year 2022. Equity reached a new record high of EUR 132.4 million (Dec. 31, 2021: EUR 80.0 million). The equity ratio increased to 37.8 % (Dec. 31, 2021: 30.2 %) and the net debt/EBITDA ratio fell to 0.4.

In the future, Deutsche Rohstoff Group believes it is well equipped to ensure a stable level of revenue and profitability, following on from the record year of 2022. An important milestone for this was the conclusion of two joint ventures with Oxy in 2022. A total of approximately USD 150 million will be invested in the joint venture by the end of 2023. All 31 wells from four well pads will be drilled and operated by Oxy. These investments will allow the Group to further expand production as a non-operator while preparing its own drilling programs in Wyoming.

Activities in the metals sector also advanced in 2022. Almonty Industries started construction of the important Sangdong Mine in Korea in 2022 and was able to access project financing from KfW-IPEX Bank for the first time. New to the portfolio is the early-stage exploration of potential lithium exploration

targets in Western Australia together with SensOre. These projects, as well as Prime Lithium AG's development project for processing 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 significantly strengthened financials, the renewed growth in reserves, the ongoing projects both in the core oil and gas business and in the future projects e-metals and the strategic commodity tungsten, we believe we are equipped to continue our successful business model.

### III. GUIDANCE, OPPORTUNITY AND RISK REPORT

#### 1. GUIDANCE

The Group's business activities are focused on the production of oil and gas in the USA. At the end of 2022, 89 wells operated by the Group as operator and over 250 wells in which the Group has a minority interest were producing.

#### GUIDANCE 2023 & 2024

The guidance is mainly based on the currently producing wells in Colorado, Utah and Wyoming. In addition, the planning includes further wells of the subsidiaries Cub Creek and Salt Creek Oil & Gas, which are currently being drilled or have been decided by management and are very likely to start production in the course of 2023 and 2024.

Daily production is expected to average 11,000 to 12,000 BOE in 2023, an average increase of nearly 20 % compared to fiscal

2022. In terms of volume, production is expected to be split 52 % oil and 48 % natural gas and condensates. In terms of value, this corresponds to a revenue share for oil of approximately 80 % and for natural gas and condensates of approximately 20 %. It is planned to increase these volumes again in 2024, provided that the oil price remains at the current attractive level. The drilling program as the basis for the guidance reflects this intention and will lead to an increase in volumes of around 10 % to 15 %.

The basis for the guidance in 2023 and 2024 is the following key components:

#### 2023:

1. The wells that are already producing in 2023
2. Start of production from 15 wells (45 % share) at Salt Creek in joint venture with Oxy
3. Production start of 5 gross wells (80 % share) in Wyoming, of which 3 have already been drilled
4. 45 wells with a share of approximately 2.5 % at Salt Creek in Utah

#### 2024:

1. The wells that are already producing in 2024
2. Start of production from 10 additional wells (45 % share) at Salt Creek in joint venture with Oxy
3. Start of production of 6 gross wells in Wyoming (90 % share)

Due to the continued tightness of numerous supply chains, both globally and locally in the U.S., recent sharp increases in the prices of relevant materials (e.g., steel for casing wells) and wages at service companies, and the scarce availability of drill-



## GROUP MANAGEMENT REPORT

ing equipment or other materials, the timing of the start-up of the planned wells is subject to increased uncertainty.

The capital expenditure budget as part of the guidance for the Utah and Wyoming wells is approximately EUR 200 million for 2023 and 2024. EUR 120 million relates to 2023, of which EUR 40 million had already been incurred by mid-April. Acquisitions or the drilling of or participation in new wells may result in additional new production and increased capital expenditure. Such development projects and acquisitions are not included in the guidance. At the same time, if commodity prices fall or costs rise, investments may be interrupted or scaled back in a timely manner, resulting in lower revenue.

The Group currently has no ongoing production in the metals business area. Income can therefore only be generated through the sale of assets or investments. As such income is by nature difficult to predict, it is not included in the forecast. The same applies to impairment losses. The forecast for 2023 and 2024 comprises a base scenario and an increased price scenario with the following ranges and underlying assumptions, see table.

The Executive Board expects to be able to achieve a clearly positive Group result in both years.

2023	BASE SZENARIO	INCREASED SZENARIO
Revenue	150–170 EUR Mio.	165–185 EUR Mio.
EBITDA	115–130 EUR Mio.	125–140 EUR Mio.
<b>UNDERLYING ASSUMPTION:</b>		
Oil price	75.00 USD	85.00 USD
Gas price	3.00 USD	3.00 USD
Exchange rate	1.12 USD	1.12 USD

2024	BASE SZENARIO	INCREASED SZENARIO
Revenue	170–190 EUR Mio.	190–210 EUR Mio.
EBITDA	130–145 EUR Mio.	155–170 EUR Mio.
<b>UNDERLYING ASSUMPTION:</b>		
Oil price	75.00 USD	85.00 USD
Gas price	3.00 USD	3.00 USD
Exchange rate	1.12 USD	1.12 USD

## 2. RISKS AND OPPORTUNITIES

### RISK AND OPPORTUNITY MANAGEMENT

Deutsche Rohstoff AG itself conducts only a subordinate operating business. All major activities take place in the subsidiaries and shareholdings, each of which has its own management. Activities in the mining or oil and gas sector are subject to a variety of external and internal risks and opportunities. We try to identify and exploit opportunities at an early stage without neglecting or underestimating the associated risks. The Management Board of Deutsche Rohstoff AG as well as the management of the group companies attach particular importance to identifying risks in good time, assessing the consequences of the occurrence of the respective risk, evaluating the probability of occurrence on an ongoing basis and quantifying it if possible.

The Executive Board of the holding company in Mannheim uses a range of instruments to identify opportunities, recognize risks and take countermeasures at an early stage:

- Annual financial planning is prepared for the holding company and the subsidiaries on a monthly basis and is subject to ongoing target/actual comparisons. Major deviations are taken as an opportunity to review the corresponding costs immediately or to adjust the planning if necessary.
- The credit and cash management of the subsidiaries is coordinated with the parent company in a timely manner. No major trades take place without the approval of the parent company.

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· As the parent company, Deutsche Rohstoff AG is represented on all supervisory bodies of the Group companies and also of the subsidiaries. Board meetings or supervisory board meetings are held at regular intervals, at which business policy is discussed in detail. In most cases, the representative of Deutsche Rohstoff chairs the supervisory board. In the case of companies in which the Group holds a majority interest, the Group representatives hold the majority of votes.

· Extensive telephone or video conferences are held with the management of the subsidiaries two to three times a month, or more frequently if necessary. In these conference calls, the Executive Board is informed about all current developments and discusses upcoming measures.

· The Chairman of the Supervisory Board of Deutsche Rohstoff AG is a member of the boards of the US subsidiaries. He is thus involved in all important decisions for the Supervisory Board at an early stage.

In the context of personal visits on site or by the management of subsidiaries in Mannheim, there is also an opportunity to discuss the respective situation comprehensively and to plan the next months/years operationally. Under normal circumstances, such personal visits take place at least four times a year. Regular exchanges are also held with the shareholdings at management level, both as part of on-site visits and during the year by telephone and in writing.

agement to assess significant opportunities and risks and to report regularly to the Group's management. Together with those responsible, the Group's management defines measures to limit the risks.

### STRATEGIC OPPORTUNITIES AND RISKS

#### Investment and acquisition risks and opportunities

Investment and acquisition projects in and by subsidiaries regularly involve complex risks. If economic or legal conditions change unexpectedly, the respective costs of an investment and acquisition project may increase or project deadlines may be delayed. Investment and acquisition decisions of the Deutsche Rohstoff Group are therefore carried out according to specific processes and procedures, carefully reviewed and continuously monitored by project and cost controlling.

#### Political and geopolitical risks and opportunities

As commodity deposits are location-bound, there is a high degree of dependence on the political and legal framework. The Deutsche Rohstoff Group therefore only operates in countries where a stable and reliable framework can be assumed. Nevertheless, regulatory changes can also occur in these countries, which have a significant influence on the profitability of the projects. Such an influence could become effective if the use of fracking technology were to be restricted in Wyoming, Colorado or other states. At present, however, management considers this risk to be low.

#### Opportunities and risks from changes in commodity prices

Price changes have a significant impact on the profitability of the commodity business and the liquidity requirements of the respective Group company. Falling prices therefore represent

### RISK ASSESSMENT

Economic relevance	> 10 Mio. €	Political risks Liquidity risks Impairment risk	Regulatory/ Environment Exchange rates	Price changes
	> 2,5 < 10 Mio. €	Other risks	Production rates Exploration Procurement Almonty	
	< 2,5 Mio. €	Personnel risks		
		low < 25 %	medium > 25 % < 50 %	high > 50 %
		Probability of occurrence		

### RISKS AND OPPORTUNITIES

#### Risk assessment

Risks are assessed on the basis of the probability of occurrence and the possible extent of the risk (economic relevance), in each case according to the levels "low," "medium" and "high", see chart.

The management of the individual companies focuses on the main opportunities and risks. Such significant opportunities and risks are discussed on an ongoing basis with the Group's Executive Board. They are the subject of regular telephone calls, reports, minutes, and discussions during on-site visits. It is generally the responsibility of the subsidiary's top man-

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one of the Group's main risks. If the prices achievable per unit produced fall permanently below the production costs of such a unit, the existence of the company may be endangered. In the Group, price risk currently exists mainly for crude oil and natural gas. For crude oil/natural gas, Cub Creek Energy, Elster Oil & Gas, Bright Rock Energy and Salt Creek Oil & Gas regularly use sensitivity analyses to calculate how earnings and cash flows will change if prices vary. If the price of WTI crude oil were to fall below USD 50/barrel on a sustained basis, new horizontal wells would no longer pay for themselves as quickly as management believes makes sense from an opportunity/risk perspective. In this respect, no new wells would be drilled at a price level below this threshold. Such a decision not to drill new wells would have an impact on the results of operations, financial position and net assets. At the balance sheet date, prices were above this threshold. A sustained or very long-term level of the oil price below USD 40 represents a significant risk to the business model of Deutsche Rohstoff AG, the further development of land in the US and the overall economic situation of the Group.

The Group permanently hedges price risks for oil and gas using derivative financial transactions (portfolio hedges). In 2022, the Group exercised the option under section 254 of the German Commercial Code (HGB) to recognize the economic hedging relationship in transactions hedging the WTI oil price and the Henry Hub gas price by forming a valuation unit. The effective portion of the hedge is accounted for using the net hedge presentation method.

The derivative financial instruments hedge a total production volume (underlying transaction) of 0.7 million BO and 2.2 million mcf. The transactions entered into hedge a decline in the

price of crude oil below approximately USD 75.50 and the price of gas below approximately USD 4.00. As of March 31, 2023, the Group had hedged 619,500 BO at USD 74.83 for the remaining year, 243,500 BO at USD 73.60 for 2024, and 26,000 BO at USD 69.46 for 2025. Gas hedges as of March 31 were 1.1 million mcf for 2023 at USD 3.61 and 0.4 million mcf for 2024 at USD 3.96. For the related forward contracts, income arises if the price of the commodity is below the hedged value at the respective maturity date. If the price is higher, a loss results from the individual valuation of the unrealized forward contract at market prices. At the reporting date, energy prices were above the average value of the hedged corridor and resulted accordingly in an unrealized loss of USD 2.58 million.

At the time of hedging, crude oil is already produced from existing production sites, so that the effectiveness of the hedging method is ensured, and in view of the reliably predictable volume and timing, anticipatory valuation units have been formed. The offsetting effects of the hedged item and the hedging instrument therefore offset each other with a high degree of probability in the hedging period. The volume hedged by the hedging transaction is offset by volumes of crude oil and natural gas produced in at least the same amount. The loss from the derivative financial instruments is therefore offset by income from the production of commodities, as production can also be operated profitably at the hedged price level. The effect of the loss is therefore a reduction in revenue. The risk that the hedged volume will not be matched by corresponding production of crude oil and natural gas is therefore considered to be very low.

In a sensitivity analysis, the change in the oil price by USD 1 and in the gas price by 0.1 US cents for the full year and the

remainder of 2023, respectively, has the following impact on revenue and EBITDA, taking into account the current hedging transactions:

	2023	2024
Oil price – change by 1 USD	+/- 1.0 EUR MIO.	+/- 2.1 EUR Mio.
Gas price – change by 0,1 USD	+/- 0.4 EUR MIO.	+/- 0.6 EUR Mio.

Similar to oil and gas production, there is also a price risk in the production of **tungsten concentrates**. Should the price for the concentrates fall permanently below production costs, this could result in a going concern risk for the Almonty Industries investment. Unlike the Deutsche Rohstoff Group in oil production, Almonty has to cover relatively high operating costs, most of which are also fixed and can only be reduced with some advance notice. Almonty believes that based on the current price of tungsten concentrate (APT) of USD 325 during Q1 2023 and its projected production schedule for fiscal 2023, it will be able to generate sufficient cash flow to cover its ongoing obligations from the producing mine and cash operating costs for existing production volumes.

### OPERATIONAL OPPORTUNITIES AND RISKS

#### Risks and opportunities from deviating production rates

One of the main operational risks in the production of shale oil is that the expected production rates are not achieved. If such a case occurs, the result is a lower cash flow at the same oil price, and also a lower than expected return on investment. A well that does not recover the investment will yield a loss. In such a case, unscheduled write-downs of the capitalized value may be required with the corre-



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sponding impact on earnings and assets. Conversely, production rates may exceed expectations, which represents an opportunity.

The economic success of the oil companies' wells depends on the production rates or the total possible production that can be achieved over the life of a well (EUR - Estimated Ultimate Recovery). In general, volumes (EUR) have risen continuously in recent years, in particular due to improved fracking methods. Technical progress therefore continues to represent a significant opportunity in the future for more oil and gas to be recovered from the same formation or for further formations – not yet economically accessible today – to be developed.

### Exploration risks and opportunities

Exploration in the commodity sector involves high risks in that the capital invested in the drilling of exploration wells may be completely lost in the event of uneconomic results, and the investment securities may therefore be worthless.

The Australian subsidiary Exploration Ventures AI Pty Ltd ("EXAI"), founded at the beginning of 2023 with the partner SensOre, is focused on the exploration of lithium in the state of Western Australia. Deutsche Rohstoff AG will hold a 70 % stake in the company. Upon formation, EXAI has already secured three early-stage exploration projects through two farm-ins and one exploration proposal, with expenditures expected to be approximately AUD 1 million (EUR 0.64 million) in the first 12 to 18 months.

Lithium represents an indispensable component in current battery technologies. The successful identification of a lithi-

um deposit in Western Australia therefore holds enormous potential for the Deutsche Rohstoff Group. Conversely, in the event of unsuccessful exploration, there is the risk of a total loss of the capital invested.

### Procurement risks

The profitability of our projects and investments depends on the reliable and effective management of our supply chain for wells and the ongoing operation of a production facility. In this respect, we are fundamentally dependent on third-party suppliers and the degree of infrastructure development. Bottlenecks, cost increases or underdeveloped infrastructure, for example for pipelines, can lead to a deterioration in our returns. Like all industries, the oil and gas industry was affected by inflation-related cost increases in 2022. We expect these cost increases to be temporary in nature and, particularly in the Powder River Basin in Wyoming, to decrease again over the next few years as additional suppliers move into the area and infrastructure continues to be developed.

### Personnel risks

The commitment and competence of our employees represent an important basis for our economic success. For this reason, we counter the risk of personnel availability with targeted talent selection, long-term incentives in the form of stock options and shareholding programs, individually tailored further development measures, and company health management.

## FINANCIAL OPPORTUNITIES AND RISKS

### Opportunities and risks from changes in exchange rates

The Company's investments are mainly denominated in USD, and to a much lesser extent in AUD and CAD. The associated currency risk is considerable and is reflected in the consoli-

dated financial statements both in profit or loss and with no effect on profit or loss. In the opinion of the Executive Board, one of the greatest risks for the Group in terms of foreign exchange is ongoing. The development of the EUR/USD in the past year led to a currency gain of EUR 4.0 million.

In a sensitivity analysis, the change in the USD by 1 cent has the following effect on revenue and EBITDA:

CHANGE BY 1 USD-CENT	US-DOLLAR
Effect on revenue	+/- 1.5 EUR MIO.
Effect on EBITDA	+/-1.2 EUR MIO.

Management is constantly reviewing opportunities to hedge or mitigate currency risk through forward exchange contracts.

Almonty's business model also gives rise to a risk from the development of exchange rates in the countries in which Almonty operates.

### Liquidity risks

The ability to finance the project development of the Group's activities is one of the key success factors in commodity extraction. At the end of 2022, Deutsche Rohstoff had a good equity base and sufficient cash reserves to service all financial obligations and finance the ongoing operations of all Group companies. Nevertheless, the parent company may need to raise additional funds in order to be able to drill future horizontal wells in the USA or acquire new projects. The need for financing may also be higher than planned due to delays or cost increases in the projects. Whether additional funds can be raised depends on the success of current and

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future project activities, capital market conditions and other factors.

A possible financing risk is that of not being able to secure existing capital requirements by raising funds - in particular on the bond market - or to refinance on appropriate terms, which may result in operating expenses having to be delayed, limited or discontinued and, depending on their duration and scope, may have a significant negative impact on the business, net assets, financial position or results of operations of the Deutsche Rohstoff Group.

The Deutsche Rohstoff Group generally attempts to counter **financing risk** by pursuing a very conservative financing policy. The range of available cash resources is calculated on an ongoing basis. By means of ongoing discussions with potential providers of equity or debt capital, attempts are made to create further financing possibilities which can also be utilized independently of the capital market.

Financing opportunities may also be affected by a deterioration in financial and general market conditions - also as a result of unforeseeable external shocks such as the COVID-19 pandemic or the Ukraine war. The increasing relevance of ESG ratings on the investor side is also of growing importance in this context. In these cases, there is a risk that demand from capital market participants for the shares or bonds issued by Deutsche Rohstoff could fall, leading to restricted capital market access.

### Impairment risks

The recoverability of goodwill, property, plant, and equipment for the extraction of commodities and financial assets is determined annually based on reserve opinions and guidance

based on past experience, current business results and the best possible estimate of future developments. In particular, changes in conditions on the revenue, procurement and financial markets may give rise to devaluation risks.

Some Group companies have significant tax loss carryforwards or the ability to offset future investments against profits. This applies in particular to Deutsche Rohstoff USA and Deutsche Rohstoff AG. The Executive Board assumes that, based on current tax legislation, these loss carryforwards or tax offsetting opportunities can be carried forward and used to offset future or past profits in accordance with the tax framework (e.g. minimum taxation). If it is not possible to use

the tax loss carryforwards in full or in part, e.g. because it is not possible to operate commodity projects at a profit in the long term, due to changes in legislation at short notice, changes in capital resources or ownership structures, or other events, income tax payments would be incurred on the expected profits in the future if the respective subsidiaries develop successfully. These tax payments would have a negative impact on liquidity and the value of deferred tax assets could be impaired. The Executive Board therefore regularly reviews the recoverability of deferred tax assets on loss carryforwards. Local tax advisors in all countries in which the Group has its registered office have been engaged to identify and eliminate tax risks at an early stage.



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### Financing and impairment risks of Almonty

At Almonty, there are particular risks that the financing, construction or commercially successful operation of the Sangdong and Valtreixal mines may not be implemented or implemented as planned. Due to the current level of debt and the existing maturities of the credit lines, the company is also dependent on major creditors prolonging loans in future and maintaining existing credit lines until the mines have been successfully commissioned in economic terms. In this regard, we note in particular Almonty's management's assertion that, based on the current price of tungsten concentrate (APT) and its projected production schedule, it will be able to generate sufficient cash flow to meet its ongoing obligations from the producing mine and to cover cash operating costs.

### LEGAL RISKS AND OTHER OPPORTUNITIES AND RISKS

#### Legal and regulatory risks

Since the start of fracking technology, a dense network of regulatory provisions has developed in the USA to ensure that oil and gas extraction is carried out in a fair competitive environment and with due regard for the interests of all stakeholders. The protection of the environment and local residents plays a special role. In Colorado and Wyoming, for example, there are extensive laws that we comply with at all times through trained personnel and ensure through the following exemplary measures:

- Protection of groundwater: Drilling and, in particular, the correct cementing of the well are continuously monitored and documented. This ensures that no oil, gas or fluids can escape into groundwater-bearing strata.

- Protection of free-ranging wildlife: The nesting sites of rare birds, including the bald eagle, golden eagle, or the endangered ground-nesting Sage-Grouse, are documented at regular intervals on publicly available maps. If these are in critical proximity to our well pads, no drilling activities take place during the nesting period from February 1 to July 31 each year.

- Protection of residents: We minimize noise emissions by means of noise barriers and, in selected areas, also by electrifying the conveyor technology, and we are in continuous exchange with authorities on emission values.

- Protection of the atmosphere: All well pads have emission control devices that monitor whether gas escapes from the well into the atmosphere. The emission limits have been continuously reduced in recent years and we comply with them. Increasingly, emissions are also being further reduced during drilling, for example through the use of generators that use Compressed Natural Gas (CNG) instead of conventional diesel fuels, thus reducing the CO<sub>2</sub> impact on the environment.

- Cleanliness of roads: The arrival and departure of production facilities, water and ultimately oil, which is not sold through pipelines, is transport-intensive. Damage or soiling of roads is constantly monitored by us and any soiling that occurs is removed promptly.

- Monitoring Fluids: Wyoming was the first state to require disclosure of the admixtures (called fluids) to fracking water that ensure oil flowability, control microbial growth, and prevent corrosion. Today, this transparency is required in all states where we operate. Overall, it should be noted that these fluids do not pose a threat to groundwater or to the

water quality of oil and gas bearing strata due to their low concentration and composition.

- Renaturation of the well pads: Once the drilling work has been completed, the areas outside the direct production facilities are revegetated, so that - measured against the depth of a well - the impact on nature remains visually very manageable.

- Dismantling of production facilities: After the end of oil and gas production, all facilities are uninstalled, the well is professionally sealed and closed, and the surface is completely renaturalized. We set aside appropriate provisions for this each year.

The Deutsche Rohstoff Group naturally complies with all regulatory requirements. Nevertheless, residual risks cannot be completely ruled out.

#### Other risks

In the area of other risks, particular mention should be made of the risk of accidents affecting employees or third parties. Such accidents can lead to claims for damages and also damage the company's reputation. Both can have a negative impact on the results of operations and financial position, and in extreme cases may even jeopardize the company's continued existence.

#### Overall picture of the risk situation

The main risks for the business model of Deutsche Rohstoff AG are the oil price and the tungsten price, the currency risk, the recoverability of the other investments and the risks in the further development of the exploration companies. However, all risks are manageable in the opinion of the Executive Board.

## GROUP MANAGEMENT REPORT

The Executive Board is therefore of the opinion that the overall corporate risk is moderate (medium). The main risks are also offset by opportunities arising from the currently very high and potentially still rising commodity prices, from favorable currency developments or from successful project development by the exploration companies. In addition, the company's solid liquidity position and good reputation on the capital market give it the opportunity to invest in new, promising activities. In summary, we therefore continue to see a very attractive opportunity and risk profile for our business model and thus an excellent starting point for further increases in value for our shareholders.

### IV. SUBSEQUENT EVENTS

After the balance sheet date, the following events had a significant impact on the further course of business until the beginning of April 2022:

In January 2023, the transfer of the shares of the remaining shareholders of TIN International AG to Deutsche Rohstoff AG against cash compensation ('squeeze-out') became effective by entry in the commercial register. On February 21, 2022, it was resolved to transform TIN International AG into TIN International GmbH and to transfer the registered office to Mannheim.

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 will hold a 70 % stake in the company. Upon formation, EXAI has already se-

cured three early stage exploration projects through two farm-ins and one exploration proposal. By the time the consolidated financial statements were signed, a further two exploration projects had been signed as part of farm-ins.

At the beginning of February 2023, Deutsche Rohstoff AG announced the status of reserves as of December 31, 2022. The value of proved reserves increased from USD 318 million to USD 352 million. The discounted value of producing wells as of December 31, 2022 was USD 246 million (previous year: USD 251 million). Despite record production of just over 3.5 million BOE in 2022 and net operating cash flow at the project level of over USD 130 million, the reserves thus produced were not only replaced but also further expanded.

Following the expiry of the conversion period on February 8, 2023, the convertible bond (WKNA2LQF2/ISIN DE000A2LQF20) was repaid on schedule in the amount of EUR 9.8 million on March 29. Based on the positive development of reserves, the credit lines in the USA (RBL) were increased from USD 60 million to USD 80 million in February 2023.

At the beginning of April 2023, the sale of the shares in Rhein Petroleum GmbH to the British company Beacon Energy plc was completed. In this context, all guarantees of Deutsche Rohstoff AG in the amount of EUR 1,505 thousand were returned.

Mannheim, April 26, 2023

The Management Board

Jan-Philipp Weitz

Henning Döring

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN TEUR	EQUITY OF THE PARENT COMPANY							NON-CONTROLLING INTERESTS				GROUP EQUITY
	Subscribed Capital	Capital Reserves according to § 272 paragraph 2 nr. 1-3 HGB	Total	Equity differences from currency translation	Consolidated profit / loss carried forward	Consolidated net profit / loss for the year attributable to the parent company	Total	Non-controlling interests before equity difference from currency translation and net income	Currency translation difference attributable to non-controlling interests	Profit / loss attributable to non-controlling interests	Total	
<b>AS OF 01/01/2021</b>	<b>4,953,937</b>	<b>30,019,333</b>	<b>30,019,333</b>	<b>-5,058,738</b>	<b>25,014,568</b>	<b>-15,509,375</b>	<b>39,419,725</b>	<b>2,874,773</b>	<b>-65,663</b>	<b>3,360,505</b>	<b>6,169,615</b>	<b>45,589,340</b>
Change through capital increase with participation of minority shareholders	0	0	0	0	0	0	0	0	0	0	0	0
Capital repayment and distribution to minority shareholders	0	-19,724	<b>-19,724</b>	0	0	0	<b>-19,724</b>	-327,847	0	0	<b>-327,847</b>	-347,571
Currency translation	0	0	0	8,528,593	0	0	<b>8,528,593</b>	0	72,409	0	<b>72,409</b>	8,601,002
Other changes	0	0	0	0	-15,509,375	15,509,375	0	-125,873	0	0	<b>-125,873</b>	-125,873
Consolidated net profit / loss for the year	0	0	0	0	0	24,794,287	<b>24,794,287</b>	0	0	1,562,878	<b>1,562,878</b>	26,357,165
<b>AS OF 01/01/2022</b>	<b>4,953,937</b>	<b>29,999,609</b>	<b>29,999,609</b>	<b>3,469,855</b>	<b>9,505,193</b>	<b>24,794,287</b>	<b>72,722,881</b>	<b>2,421,053</b>	<b>6,746</b>	<b>4,923,383</b>	<b>7,351,182</b>	<b>80,074,063</b>
Capital increase Parent company	49,144	1,250,642	<b>1,299,786</b>	0	0	0	<b>1,299,786</b>	0	0	0	0	1,299,786
Capital repayment and distribution to minority shareholders	0	0	0	0	-7,908,292	0	<b>-7,908,292</b>	-9,513,930	0	0	<b>-9,513,930</b>	-17,422,223
Change through capital increase with participation of minority shareholders	0	0	0	0	0	0	0	88,382	0	0	<b>88,382</b>	88,382
Distribution	0	0	0	0	-2,982,776	0	<b>-2,982,776</b>	0	0	0	0	-2,982,776
Currency translation	0	0	0	5,063,853	0	0	<b>5,063,853</b>	0	58,181	0	<b>58,181</b>	<b>5,122,034</b>
Other changes	0	0	0	0	24,794,287	-24,794,287	0	0	0	0	0	0
Consolidated net profit / loss for the year	0	0	0	0	0	60,765,991	<b>60,765,991</b>	0	0	5,419,614	<b>5,419,614</b>	<b>66,185,605</b>
<b>AS OF 31/12/2022</b>	<b>5,003,081</b>	<b>31,250,251</b>	<b>31,250,251</b>	<b>8,533,708</b>	<b>23,408,411</b>	<b>60,765,991</b>	<b>128,961,442</b>	<b>-7,004,495</b>	<b>64,927</b>	<b>10,342,997</b>	<b>3,403,429</b>	<b>132,364,871</b>

## CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

### ACQUISITION AND PRODUCTION COST

IN EUR	01/01/2022	ADDITIONS	DISPOSALS	CHANGES IN BASIN OF CONSOLIDATION	RECLASSI- FICATIONS	FOREIGN CURRENCY TRANSLATION	31/12/2022
<b>I. INTANGIBLE ASSETS</b>							
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	45,418,793	4,872,058	-2,341,472	0	885,472	1,562,976	50,397,827
2. Goodwill	4,164,786	0	0	0	0	143,690	4,308,476
3. Advance payments	0	276,963	0	0	0	0	276,963
	<b>49,583,579</b>	<b>5,149,021</b>	<b>-2,341,472</b>	<b>0</b>	<b>885,472</b>	<b>1,706,666</b>	<b>54,983,266</b>
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>							
1. Producing oil production facilities	294,522,288	6,798,043	-5,270,271	0	43,469,123	16,554,923	356,074,106
2. Exploration and evaluation	7,132,047	24,126,855	-1,430,996	0	2,610,687	-174,289	32,264,304
3. Technical equipment and machinery	510,846	217,868	0	0	0	52,055	780,769
4. Other equipment, operating and office equipment	716,329	88,726	0	0	0	32,372	837,428
5. Advance payments and assets under construction	0	46,258,186	0	0	-46,965,282	707,097	0
	<b>302,881,510</b>	<b>77,489,678</b>	<b>-6,701,268</b>	<b>0</b>	<b>-885,472</b>	<b>17,172,159</b>	<b>389,956,606</b>
<b>III. FINANCIAL ASSETS</b>							
1. Equity investments	18,955,829	3,277,732	0	0	0	0	22,233,561
2. Loans to other investees and investors	4,909,699	1,707,333	0	0	0	0	6,617,032
3. Securities classified as fixed assets	20,847,830	621,263 <sup>1</sup>	-4,160,526	0	0	0	17,308,567
	<b>44,713,358</b>	<b>5,606,328</b>	<b>-4,160,526</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>46,159,160</b>
	<b>397,178,447</b>	<b>88,245,027</b>	<b>-13,203,266</b>	<b>0</b>	<b>0</b>	<b>18,878,824</b>	<b>491,099,032</b>

<sup>1</sup> This item includes reclassifications from non-current to current assets amounting to EUR 325 thousand relating to loans to Surgical Intelligence Holding GmbH.



## CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

### ACCUMULATED AMORTIZATION, DEPRECIATION AND WRITE-DOWNS

IN EUR	01/01/2022	ADDITIONS	DISPOSALS	CHANGES IN BASIN OF CONSOLIDATION	RECLASSI- FICATIONS	FOREIGN CURRENCY TRANSLATION	NET BOOK VALUES		
							31/12/2022	31/12/2022	31/12/2021
<b>I. INTANGIBLE ASSETS</b>									
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	16,849,358	2,945,094	-2,522,639	0	0	636,853	17,908,666	32,489,161	28,569,435
2. Goodwill	2,912,711	168,562	0	0	0	63,845	3,145,118	1,163,358	1,252,075
3. Advance payments	0	0	0	0	0	0	0	276,963	0
	<b>19,762,069</b>	<b>3,113,655</b>	<b>-2,522,639</b>	<b>0</b>	<b>0</b>	<b>700,698</b>	<b>21,053,784</b>	<b>33,929,482</b>	<b>29,821,510</b>
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>									
1. Producing oil production facilities	150,910,090	38,545,714	-1,998,421	-2,472,222	0	9,191,540	194,176,701	161,897,405	143,612,198
2. Exploration and evaluation	1,906,840	0	0	0	0	0	1,906,840	30,357,464	5,225,207
3. Technical equipment and machinery	399,444	47,018	0	0	0	58,256	504,718	276,051	111,402
4. Other equipment, operating and office equipment	608,849	90,413	0	0	0	29,244	728,506	108,922	107,480
	<b>153,825,223</b>	<b>38,683,145</b>	<b>-1,998,421</b>	<b>-2,472,222</b>	<b>0</b>	<b>9,279,040</b>	<b>197,316,765</b>	<b>192,639,842</b>	<b>149,056,287</b>
<b>III. FINANCIAL ASSETS</b>									
1. Equity investments	4,404,276	2,422,633	0	0	0	0	6,826,909	15,406,651	14,551,553
2. Loans to other investees and investors	128,059	0	0	0	0	0	128,059	6,488,973	4,781,640
3. Securities classified as fixed assets	7,217,609	0	0	-1,956,961	0	0	5,260,648	12,047,919	13,630,221
	<b>11,749,944</b>	<b>2,422,633</b>	<b>0</b>	<b>-1,956,961</b>	<b>0</b>	<b>0</b>	<b>12,215,616</b>	<b>33,943,543</b>	<b>32,963,414</b>
	<b>185,337,236</b>	<b>44,219,434</b>	<b>-4,521,059</b>	<b>-4,429,183</b>	<b>0</b>	<b>9,979,738</b>	<b>230,586,165</b>	<b>260,512,867</b>	<b>211,841,211</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

The consolidated financial statements of Deutsche Rohstoff AG have been prepared in accordance with the accounting provisions of the German Commercial Code (Handelsgesetzbuch, HGB) (sections 290 et seq.) and the supplementary provisions of the German Stock Corporation Act (Aktiengesetz, AktG).

The consolidated income statement has been prepared using the nature of expense method.

For reasons of clarity, individual items of the consolidated statement of financial position and consolidated statement of income have been combined and broken down and explained separately in these notes. For the same reason, the disclosures relating to other items and notes thereon have also been made in this section.

The consolidated financial statements are presented in Euro (EUR). Unless otherwise stated, all figures are rounded up or down to the nearest EUR in accordance with commercial rounding principles. Please note that differences may arise from the use of rounded amounts and percentages for computational reasons.

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.

## 2. BASIS OF CONSOLIDATION

The consolidated financial statements include Deutsche Rohstoff AG as well as three domestic and seven foreign sub-

siidiaries. In the previous year, the consolidated financial statements also included three domestic and seven foreign subsidiaries. Please refer to 5.2. information on shareholdings.

As a result of share purchases from co-shareholders, the shareholding in Tin International AG increased from 94.41 % to 95.04 %. At the end of 2022, the Annual General Meeting of Tin International AG resolved to transfer the shares of the remaining shareholders to Deutsche Rohstoff AG as the main shareholder ("squeeze-out") in return for cash compensation.

Due to capital contributions by Deutsche Rohstoff as well as by a minority shareholder, the shareholding in Bright Rock Energy LLC decreased from 98.868 % to 98.49 %.

The interest in Cub Creek Energy LLC increased from 88.46 % at December 31, 2021 to 97.67 % at December 31, 2022. This increase is based on share purchases from three co-shareholders.

## 3. CONSOLIDATION PRINCIPLES

Capital consolidation for companies consolidated for the first time as a result of an acquisition is performed using the purchase method as of the date on which the companies became subsidiaries.

The carrying amount of the shares belonging to the parent company is offset against the amount of the subsidiary's equity attributable to these shares. Equity is recognized at the amount corresponding to the fair value at the date of consolidation of the assets, liabilities, and prepaid expenses to be included in the consolidated financial statements. Any differ-

ence remaining after offsetting is recognized as goodwill if it arises on the assets side, and as a separate component of equity if it arises on the liabilities side.

The relevant date for determining the fair value, the assets, liabilities, and prepaid expenses to be included in the consolidated financial statements and the date for capital consolidation is generally the date on which the company became a subsidiary.

Receivables and liabilities, revenue, expenses, and income, as well as intercompany results within the scope of consolidation have been eliminated.

## 4. RECOGNITION AND MEASUREMENT POLICIES

The following accounting and valuation methods were used to prepare the annual financial statements.

The financial statements of the companies included in the consolidated financial statements have been prepared using uniform accounting policies.

**Purchased intangible assets** are carried at cost and, if subject to wear and tear, are amortized on a straight-line basis over their useful lives. The useful life is between 3 and 5 years. Intangible assets mainly comprise production rights and exploration and mining licenses. Exploration licenses are amortized on a straight-line basis from the date of acquisition over the expected total exploration period. Mining licenses, on the other hand, are amortized on a straight-line basis over the expected remaining useful life of the deposit. An excep-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

tion to the straight-line method of amortization exists in the case of production rights, which are amortized according to the degree of utilization. The degree of utilization reflects the economic course of depreciation.

Impairment losses are recognized if the impairment is expected to be permanent.

**Goodwill** arising from the initial consolidation of shares prior to January 1, 2016 is amortized pro rata temporis over a period of 5 years. For goodwill arising after December 31, 2015, explanations on the determination of the respective useful life are provided in the notes on non-current assets in accordance with the provisions of the BilRUG. The estimated useful life is based on the expected subsidy periods and subsidy volumes, with the appropriateness of the useful life being regularly reviewed and adjusted downwards if necessary.

**Property, plant and equipment** are stated at cost and, where subject to wear and tear, are depreciated on a straight-line basis. The cost of self-constructed assets includes direct costs and a proportion of overheads.

Property, plant and equipment includes the classification item producing petroleum production facilities due to the specifics of a commodity producing company. The producing oil production facilities relate to production facilities operated by Cub Creek Energy LLC in the Wattenberg Field in Colorado (USA) and in the Powder River Basin in Wyoming (USA). This item also includes the producing oil production facilities in the USA in which the companies Elster Oil & Gas LLC, Salt Creek Oil & Gas LLC and Bright Rock Energy LLC hold interests. Specifically, these are interests in producing oil production facilities in the Wattenberg

Field in Colorado (USA) held by Elster Oil & Gas LLC, in the Uinta Basin in Utah (USA) and Powder River Basin in Wyoming (USA) held by Salt Creek Oil & Gas LLC, and in the Powder River Basin in Wyoming (USA) held by Bright Rock Energy LLC.

The classification of property, plant and equipment also includes an exploration and evaluation classification item. This item includes expenses incurred in the exploration and evaluation phase that are directly related to a discovered, recoverable deposit and directly serve the extraction of commodities for which future cash flows are expected with a high degree of probability. Direct costs and proportionate overheads are capitalized.

From the date of commercial production, a reclassification is made to the respective fixed asset items. If, because of events or changes in circumstances, the estimated reserves of commodities prove to be unsustainable or significantly lower, or if the yield is not sufficient for commercial production, the assets concerned are written off against income.

Property, plant, and equipment are generally depreciated on a straight-line basis over their expected useful lives. The useful life is between 8 and 25 years for technical equipment and machinery, and between 3 and 13 years for other equipment, factory, and office equipment. An exception regarding the straight-line depreciation method exists for producing oil production facilities, which are depreciated according to the degree of utilization. The degree of utilization reflects the economic course of depreciation.

Impairment losses are recognized if the impairment is expected to be permanent.

**Financial assets** are carried at the lower of cost or fair value.

**Inventories** are stated at the lower of cost or market.

**Finished goods and merchandise** are valued at manufacturing cost, taking into account direct material costs, direct labor and special direct costs as well as production and material overheads and depreciation. Interest on borrowings has not been included in the cost of production. General administration costs were also not capitalized.

In all cases, valuation was loss-free, i.e. deductions were made from the anticipated selling prices to account for costs still to be incurred.

**Receivables and other assets** are stated at nominal value less allowances for specific risks.

**Derivative financial instruments** are not recognized as pending transactions. Gains from hedging transactions that are not allocated to a specific underlying transaction are not realized until maturity. Unrealized losses from derivative financial instruments are accrued in the income statement unless they are included in a valuation unit and the unrealized losses are offset by offsetting changes in the value of the underlying transaction. The Company has exercised the option under § 254 of the German Commercial Code (HGB) to recognize the economic hedging relationship in transactions hedging the WTI oil price and the CIG natural gas price in the balance sheet by forming a valuation unit. The freezing method is used for this purpose. The offsetting positive and negative changes in value are recognized without affecting the income statement.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Other marketable securities** are stated at the lower of cost or market value at the balance sheet date.

**Prepaid expenses** include expenses before the balance sheet date that represent an expense for a certain period after that date.

**Other provisions** take into account all uncertain liabilities and anticipated losses from pending transactions. They are recognized at the settlement amount required according to prudent business judgment (i.e. including future cost and price increases). Provisions with a remaining term of more than one year were discounted. Recultivation provisions were recognized mainly for field clearance and well backfilling. They are accrued in installments, taking into account expected future price and cost increases as well as discounting in accordance with the respective remaining term.

Provisions are discounted using an interest rate appropriate to their term in accordance with the German Regulation on the Discounting of Provisions.

**Liabilities** were recognized at the settlement amounts.

To calculate **deferred taxes** arising from temporary or quasi-permanent differences between the carrying amounts of assets, liabilities and prepaid expenses in the financial statements and their tax bases, or from tax loss carryforwards, the amounts of the resulting tax benefit and tax credit are measured using the tax rates applicable in the individual companies at the time the differences reverse and are not discounted. Differences arising from consolidation measures pursuant to Sections 300 to 307 HGB are also considered, but not dif-

ferences arising from the initial recognition of goodwill or negative goodwill from capital consolidation. The capitalization option for the recognition of deferred tax assets was exercised for the first time for Deutsche Rohstoff AG in fiscal year 2022. The recognition of deferred tax assets is completely waived in the new exercise. Deferred tax assets and liabilities are netted to the extent permitted.

### 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 were translated into EUR 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 EUR using average exchange rates. The resulting translation difference is reported within consolidated equity under the item equity differences from currency translation.

## 5. NOTES TO THE CONSOLIDATED BALANCE SHEET

### 5.1. FIXED ASSETS

The development of fixed assets is shown in the statement of changes in fixed assets, together with details of depreciation and amortization for the financial year.

In the 2013 and 2014 financial years, shares in Elster Oil & Gas LLC were acquired from minority shareholders. As a result of these capital increases, hidden reserves totaling EUR 8,569 thousand were disclosed, which were capitalized under the item concessions, industrial property rights and similar rights acquired for consideration.

Furthermore, production rights in connection with potential and producing oil and gas wells are capitalized under this item.

In 2022, Bright Rock Energy LLC acquired new production rights in the Powder River Basin in Wyoming totaling EUR 4.1 million.

Production rights held by Bright Rock Energy in the Uinta Basin in Utah (USA) were reclassified to the sister company Salt Creek Oil & Gas LLC.

The item "Acquired concessions, industrial property rights and similar rights and assets, and licenses in such rights and assets" is composed as follows, see table 5.1.1.

Exploration and evaluation includes drilling projects in the oil and gas sector that are under development at the relevant time but have not yet started production.

Goodwill of EUR 1,163 thousand relating to Cub Creek Energy LLC is still recognized as of December 31, 2022. This goodwill is amortized on a straight-line basis over a useful life of 15 years. The useful life was estimated on the basis of the average production periods of the oil wells of Cub Creek Energy LLC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The item "Exploration and evaluation" mainly includes investments of EUR 16.0 million by Salt Creek Oil & Gas LLC due to the cooperation with Occidental Petroleum Corp. (Oxy) for new wells in the development phase.

The item "Exploration and evaluation" is composed as follows, see table 5.1.2.

The item "Producing oil production facilities" is composed as follows, see table 5.1.3.

The table 5.1.4. provides an overview of the number of net wells drilled by each company in each state.

Oil production assets owned by Bright Rock Energy in the Uinta Basin in Utah (USA) were reclassified to the sister company Salt Creek Oil & Gas LLC.

An impairment loss of EUR 13,161 thousand was recognized on the producing petroleum assets of Cub Creek Energy LLC in fiscal 2018 to reflect the carrying amount at fair value. In fiscal year 2019, a write-up of EUR 8,580 thousand was recognized. In fiscal year 2022, the remaining amount of the write-down of EUR 2,472 thousand was written up. (For further details, please refer to Note 6.4. Depreciation and amortization).

An impairment loss of EUR 3,561 thousand was recognized on the producing oil production assets of Elster Oil & Gas LLC at Group level in fiscal year 2020 for the carrying amount to reflect the fair value. A further impairment loss of EUR 2,961 thousand will be recognized in fiscal year 2022. (For further details, please refer to Note 6.5 Impairment losses).

### 5.2. INFORMATION ON SHAREHOLDINGS

Information on shareholdings as of Dec. 31, 2022, see table 5.2.

An impairment loss of EUR 2,422,633 was recognized on the shares in Rhein Petroleum GmbH to reflect the fair value. The carrying amount of the investment in Rhein Petroleum GmbH is therefore still EUR 1.00 as of December 31, 2022.

The investment in Almonty Industries Inc. was reported at the carrying amount of EUR 15,407 thousand in exercise of the valuation option pursuant to Section 253 (3) sentence 6 HGB. In the calendar year 2022, the shareholding increased by EUR 3,277,732 or 5,174,969 shares from EUR 12,128,919 to now EUR 15,406,651 as a result of participation in two capital increases.

The carrying amount of the investment as of December 31, 2022 is based on an average market value of CAD 0.72 (EUR 0.50) per share at acquisition.

The market value as of December 31, 2022 was CAD 0.68/share (EUR 0.47/share), with a range of CAD 0.59/share (EUR 0.40/share) and CAD 0.86/share (EUR 0.60/share) during the first three months of 2023. Therefore, there were no indications for an impairment.

### 5.3. INVESTMENT SECURITIES

Long-term securities decreased from EUR 13,630 thousand to EUR 12,048 thousand during the year. This reduction is due to partial sales of Northern Oil & Gas shares in the amount of EUR

4,161 thousand. This reduction is offset by a write-up of EUR 1,957 thousand on the share portfolio of Northern Oil & Gas shares as of December 31, 2022. Here, the write-down made in 2020 on the remaining share portfolio was reversed, as there is no longer a permanent impairment of the market value.

### 5.4. INVENTORIES

Inventories relate to gold in the finished goods area.

### 5.5. RECEIVABLES AND OTHER ASSETS

The breakdown of receivables and other assets by residual terms is as follows, see table 5.5.

Other assets mainly comprise EUR 2.5 million (USD 2.7 million) in accessories for oil production in the USA and tax refunds from withheld US withholding tax amounting to EUR 1.3 million (USD 1.4 million).

### 5.6. DERIVATIVE FINANCIAL INSTRUMENTS

There are transactions of a derivative nature. The transactions include derivative financial instruments in the form of costless collars, consisting of put and call options and swaps, which were concluded to hedge the oil and gas price risk in the USA. Secondly, to hedge the currency risk in the EUR/USD area, transactions are carried out with so-called foreign currency futures. There were no foreign currency futures as of the balance sheet date.

Derivative financial instruments are measured at fair value on the basis of published market prices. If no price quoted on an

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**TAB 5.1.1. ACQUIRED CONCESSIONS, INDUSTRIAL PROPERTY RIGHTS AND SIMILAR RIGHTS AND ASSETS, AND LICENSES IN SUCH RIGHTS AND ASSETS**

PROJECT / COMPANY	RESOURCE	2022	2021
Elster Oil & Gas LLC	Oil and gas	3,943,582	4,251,732
Salt Creek Oil & Gas LLC	Oil and gas	7,951,585	0
Cub Creek Energy LLC	Oil and gas	13,099,048	12,893,438
Bright Rock Energy LLC	Oil and gas	7,491,034	11,419,772
Other	Various	3,911	4,493
		<b>32,489,161</b>	<b>28,569,435</b>

**TAB 5.1.2. EXPLORATION AND EVALUATION**

PROJEKT / GESELLSCHAFT	RESOURCE	2022	2021
Salt Creek Oil & Gas LLC	Oil and gas	20,884,382	0
Cub Creek Energy LLC	Oil and gas	6,118,364	484,091
Bright Rock Energy LLC	Oil and gas	3,354,718	4,741,116
		<b>30,357,464</b>	<b>5,225,207</b>

**TAB 5.1.3. PRODUCING OIL PRODUCTION FACILITIES**

PROJECT / COMPANY	RESOURCE	2022	2021
Elster Oil & Gas LLC	Oil and gas	13,396,623	17,985,518
Cub Creek Energy LLC	Oil and gas	99,673,864	108,139,233
Salt Creek Oil & Gas LLC	Oil and gas	40,245,057	3,536,994
Bright Rock Energy LLC	Oil and gas	8,581,861	13,950,453
		<b>161,897,405</b>	<b>143,612,198</b>

**TAB 5.1.4. COMPANY**

COMPANY	COLORADO	WYOMING	UTAH	TOTAL
Cub Creek Energy LLC	55.1	14.0	0	<b>69.1</b>
Elster Oil & Gas LLC	13.1	0	0	<b>13.1</b>
Bright Rock Energy LLC	4.6	0	0	<b>4.6</b>
Salt Creek Oil & Gas LLC	0	2.3	5.0	<b>6.7</b>

**TAB 5.2. INFORMATION ON SHAREHOLDINGS**

	CURRENCY	SHARE HOLDING IN %	EQUITY IN NATIONAL CURRENCY	RESULT IN NATIONAL CURRENCY
<b>DOMESTIC</b>				
Tin International AG	EUR	95.04	2,973,042	479,266
Ceritech AG	EUR	72.46	158,554	-46,614
Prime Lithium AG	EUR	100.00	294,215	-265,013
<b>FOREIGN</b>				
Deutsche Rohstoff USA Inc., USA	USD	100.00	35,512,730	-4,036,481
Elster Oil & Gas LLC, USA <sup>1</sup>	USD	92.99	12,225,539	8,347,718
Diamond Valley Energy Park LLC, USA <sup>2</sup>	USD	100.00	1,791,657	0
Cub Creek Energy LLC, USA <sup>1</sup>	USD	97.67	92,359,000	59,255,083
Salt Creek Oil & Gas LLC, USA <sup>1</sup>	USD	100.00	89,752,671	7,308,461
Bright Rock Energy LLC, USA <sup>1</sup>	USD	98.49	23,085,630	17,393,001
Suomi Exploration Oy	EUR	100.00	-303,643	-209,970
<b>OTHER COMPANIES</b>				
Almonty Industries Inc., Kanada	CAD	14.20	39,750,000	-14,490,000

<sup>1</sup> Indirectly via Deutsche Rohstoff USA Inc., USA

<sup>2</sup> Indirectly via Elster Oil & Gas LLC, USA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

active market exists, other suitable valuation methods are used. The fair values of the oil price hedges were provided by the respective counterparties (financial service providers) with whom the hedges were concluded.

The fair value of the put and call options (costless collars) at the balance sheet date was also determined on the basis of the values provided by the respective counterparty. The market value of put and call options (costless collars) is determined on the basis of a mark-to-market valuation. The value of foreign currency futures is continuously determined on futures exchanges and made available.

The Company has exercised the option under section 254 HGB to account for the economic hedging relationship in transactions to hedge the WTI oil price and the CIG gas price by forming a valuation unit. The disclosures required under Art. 314 par. 1 No. 15 HGB are presented in the Group management report in section "III. Opportunities and risks arising from changes in commodity prices".

### 5.7. PREPAID EXPENSES NZUNGSPOSTEN

These are mainly prepaid insurance and rental amounts and accrued interest expenses.

### 5.8. DEFERRED TAXES

For the calculation of deferred taxes, a tax rate of 24.12 % was applied in accordance with local tax law. Deferred tax assets were recognized on tax loss carryforwards at the local tax rate of 24.12 %. The theoretical Group tax rate is 24.12 %. Deferred tax assets are only recognized for tax loss carryfor-

wards that are expected to be utilized within the next five years. Deferred tax assets and liabilities calculated separately at the level of the individual countries are offset in the balance sheet at the level of the individual taxable entities, see table 5.8.

### 5.9. EQUITY

The development of consolidated equity is shown in the consolidated statement of changes in equity (Annex 5).

As of December 31, 2022, the subscribed capital of EUR 5,003,081 (previous year: EUR 5,081,747 thousand) corresponds to the balance sheet item reported at the parent company.

The treasury stock of EUR 127,810 acquired in 2015 and 2016 was redeemed in fiscal year 2022 and the subscribed capital was reduced by this amount. In contrast, subscribed capital was increased by EUR 31,607 at EUR 28/share due to conversions in connection with the convertible bond 2018/2023 and

TAB. 5.8. DEFERRED TAXES

IN EUR	31/12/2022	31/12/2021
<b>DEFERRED TAX ASSETS ON DIFFERENCES OF BALANCE SHEET VALUATIONS FOR</b>		
Other provisions	1,008,133	1,444,518
Liabilities	0	2,083,450
<b>TOTAL</b>	<b>1,008,133</b>	<b>3,527,969</b>
Deferred taxes on loss carryforwards	3,376,659	9,812,527
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>4,384,793</b>	<b>13,340,496</b>
<b>DEFERRED TAX LIABILITIES ON DIFFERENCES IN BALANCE SHEET VALUATIONS FOR</b>		
Intangible assets	485,571	530,051
Property, plant and equipment	38,083,292	28,628,741
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>38,568,863</b>	<b>29,158,793</b>
<b>TOTAL DEFERRED TAXES, NET</b>	<b>-34,184,070</b>	<b>-15,818,297</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

the related share issue, by EUR 12,537 from the stock dividend of fiscal year 2021, and by the partial exercise of the stock option program 2018 in the amount of EUR 5,000.

The capital reserve of the current year is EUR 1,250,642 higher than the capital reserve of the previous year (EUR 29,999,609). The change is based on the above mentioned conversion related to the convertible bond in the amount of EUR 853,393, the stock dividend in the amount of EUR 304,449 and the exercise of the stock option program 2018 in the amount of EUR 92,800.

### 5.10. PROVISIONS

The development of provisions is as follows, see table 5.10.

Other provisions mainly relate to outstanding invoices and production taxes incurred by the US company Cub Creek Energy.

### 5.11. LIABILITIES

The liabilities can be seen in the following table, see table 5.11.

The item "Bonds, non-convertible" includes liabilities from the issue of a corporate bond in the amount of EUR 100,000 thousand.

In February 2022, the bond was placed in the amount of EUR 12,939 thousand, so that the bond portfolio increased from

EUR 87,061 thousand to EUR 100,000 thousand as of December 31, 2022.

The outstanding non-convertible bond 2019/2024 was issued on December 6, 2019 and has a five-year term until December 6, 2024. It has a final maturity and bears interest of 5.25 % p.a.. The interest rate for the period from December 7, 2021 to May 6, 2022 is 5.75 % p.a.

The item "Bonds, convertible" includes liabilities from the issue of a convertible bond as of March 29, 2018 in the amount of EUR 9,815 thousand (previous year: EUR 10,700 thousand). The nominal amount of the convertible bond decreased by EUR 885 thousand compared to December 31, 2021 due to conversions. The convertible bond has a five-year term until March 29, 2023, bears interest at 3.625 % p.a. and is initially convertible into 357,143 new or registered ordinary shares of Deutsche Rohstoff AG. The subscription rights of the shareholders were excluded. The convertible bond was repaid on schedule in March 2023.

The liabilities to banks of Cub Creek Energy LLC of EUR 18,541 thousand reported as of December 31, 2021 were repaid in full in fiscal year 2022. As of December 31, BOKF N.A. has a credit line of EUR 50,000 thousand until the end of May 2024, which was not utilized as of December 31, 2022.

The item other liabilities amounts to EUR 28,674 thousand and mainly comprises license obligations to landowners of the companies Cub Creek Energy and Elster Oil & Gas as well as interest liabilities in connection with the corporate bond.

## 6. NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 6.1. REVENUE

Revenue mainly relate to the US companies Elster Oil & Gas, Cub Creek Energy, Bright Rock Energy and Salt Creek Oil & Gas and their interests in producing oil wells. Production taxes are incurred on revenues from oil wells, which are to be deducted directly from revenues in accordance with the requirements of BilRUG. Production taxes of EUR 20.3 million were incurred in fiscal year 2022. Losses from hedging transactions are also deducted directly from revenue and amounted to EUR 38.6 million in the financial year 2022.

Revenue by segment and region breaks down as follows:

IN EUR	2022	2021
Gold	23,723	65,400
Oil	122,632,709	47,894,666
Gas and condensates	42,782,834	25,361,314
	<b>165,439,266</b>	<b>73,321,380</b>

IN EUR	2022	2021
Germany	23,823	65,400
USA	165,415,543	73,255,980
	<b>165,439,266</b>	<b>73,321,380</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

TAB. 5.10. PROVISIONS

IN EUR	01/01/2022	UTILIZATION	CLOSING	ALLOCATION	CURRENCY	31/12/2022
Tax provisions	34,028	28	0	983,900	0	1,017,900
Other accrued liabilities	18,808,319	15,810,981	26,295	27,398,524	1,265,365	31,634,932
<b>TOTAL</b>	<b>18,842,347</b>	<b>15,811,009</b>	<b>26,295</b>	<b>28,382,424</b>	<b>1,265,365</b>	<b>32,652,832</b>

TAB. 5.11. LIABILITIES

### REMAINING TERM IN YEARS

IN EUR	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	THEREOF SECURED
Bonds, non-convertible	0	100,000,000	0	100,000,000	0
Bonds, convertible	9,815,000	0	0	9,815,000	0
Liabilities to Banks	77,096	0	0	77,096	0
Trade payable	11,375,562	0	0	11,375,562	0
Other liabilities	28,673,867	0	0	28,673,867	0
– of which social security	20,462	0	0	20,462	0
– thereof from taxes	1,230,267	0	0	274,237	0

### REMAINING TERM IN YEARS

IN EUR	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	THEREOF SECURED
Bonds, non-convertible	0	87,061,000	0	87,061,000	0
Bonds, convertible	0	10,700,000	0	10,700,000	0
Liabilities to Banks	1,089,147	18,541,409	0	19,630,556	18,541,409
Trade payable	20,764,318	0	0	20,764,318	0
Other liabilities	9,936,604	0	0	9,936,604	0
– of which social security	21,895	0	0	21,895	0
– thereof from taxes	285,158	0	0	285,158	0



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6.2. OTHER OPERATING INCOME

Other operating income breaks down as follows, see table 6.2.

Income from the sale of financial assets and current assets includes gains from the sale of shares generated at the level of Deutsche Rohstoff AG.

### 6.3. COST OF MATERIALS

As of December 31, 2022, expenses for purchased services amounting to EUR 30.4 million are reported. They mainly relate to current operating costs incurred for the ongoing drilling operations at the companies Elster Oil & Gas LLC, Cub Creek Energy LLC, Bright Rock Energy LLC and Salt Creek Oil & Gas LLC.

### 6.4. AMORTIZATION AND DEPRECIATION

Depreciation and amortization comprises scheduled and unscheduled write-downs of EUR 41,797 thousand on intangible assets and property, plant and equipment, and write-downs of current assets amounting to EUR 371 thousand.

Depreciation and amortization mainly relate to the producing oil production facilities in the USA. Depreciation is calculated according to the degree of utilization of the reserves, which reflects the economic course of depreciation. The depreciation calculation is based on the proven reserves per oil well at the respective reporting date, calculated in cash oil equivalent. These are set in relation to the total capitalized costs per well and multiplied by the volume produced. The reserves of each oil well are recalculated annually.

The write-up recognized in other operating income is related to the scheduled write-down at Cub Creek Energy LLC of EUR 13,161 thousand as of December 31, 2018 and the write-up of EUR 8,580 thousand recognized as of December 31, 2019. The write-down made was based on internal reserve reports for the already producing oil wells. The permanence of the impairment loss recognized is subject to an annual review.

Due to the sustained recovery in the oil price, it was decided in fiscal year 2022 that the reasons for a permanent write-down no longer applied and a reversal of impairment losses amounting to EUR 2,472 thousand was therefore recognized.

### 6.5. EXTRAORDINARY WRITE-DOWNS

An impairment loss of EUR 2,961 thousand was recognized on the producing oil production facilities of Elster Oil & Gas to reflect the carrying amounts at fair value. Internal reserve reports and present value calculations were used to determine the write-down. The impairment loss is subject to an annual review.

Amortization is reported under the item "Amortization of intangible assets and depreciation of property, plant and equipment".

The item "Write-downs of financial assets and marketable securities" in the amount of EUR 5,489 thousand includes, on the one hand, the impairment loss on the investment in Rhein Petroleum GmbH in the amount of EUR 2,422 thousand and, on the other hand, reporting date valuations of marketable securities in the amount of EUR 3,066 thousand, which were incurred by the companies Deutsche Rohstoff AG.

### 6.6. OTHER OPERATING EXPENSES

The composition of the main items of other operating expenses is shown in the following table 6.6.

The item "Expenses for foreign exchange losses" mainly comprises expenses from foreign exchange losses incurred at the level of Deutsche Rohstoff AG. These are mainly currency losses in connection with the sale of marketable securities as well as currency losses incurred on the repayment of interest by the US subsidiaries.

### 6.7. TAXES ON INCOME

The item "Taxes on income" is composed as follows, see table 6.7.

## 7. OTHER NOTES

### 7.1. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents comprise the balance sheet item cash at banks less current accounts. In the financial year 2022, cash outflows resulted mainly from the repayment of the USD credit line in the amount of EUR 18.5 million and from payments to shareholders for dividends, profit participations and the purchase of minority interests in subsidiaries in the amount of EUR 20.1 million. Cash inflows mainly resulted from the increase of the bond 19/24 in the amount of EUR 12.9 million.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### TAB. 6.2. OTHER OPERATING INCOME

IN EUR	2022	2021
Income from the disposal of intangible assets	0	224,554
Income from the disposal of property, plant and equipment	2,978,606	0
Income from the disposal of financial assets	7,157,612	1,088,052
Income from the write-up of items of property, plant and equipment	2,472,222	0
Income from the reversal of write-downs of financial and current assets	2,882,627	0
Income from the sale of current assets	2,787,940	17,906,754
Income from foreign currency gains	6,545,124	2,717,974
Miscellaneous other income	1,031,190	1,036,666
	<b>25,855,321</b>	<b>22,974,000</b>

### TAB. 6.6. OTHER OPERATING EXPENSES

IN EUR	2022	2021
Project development and exploration expenses	882,838	1,071,087
Expenses for exchange losses	2,613,442	930,285
Legal and consulting fees	2,191,823	760,022
Financial statement and audit expenses	206,142	154,395
Losses from the sale of current assets	2,619,783	1,312,763
Allocation to provisions for recultivation	1,093,472	691,479
Losses from the disposal of property, plant, and equipment	1,650,302	0
General administration costs *	3,474,837	1,535,034
Other expenses	527,577	553,764
	<b>15,260,516</b>	<b>7,008,829</b>

### TAB. 6.7. TAXES ON INCOME

IN EUR	2022	2021
Current tax	1,951,108	34,000
Refund withholding tax	0	0
Income (-)/expense (+) from the change in deferred taxes	17,801,305	664,920
	<b>19,752,413</b>	<b>698,920</b>

\* Insurance, rents, IT systems, monetary transactions and bond replenishment, annual general meeting, investor relations, committees, travel expenses, external accounting in the U.S.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7.2. RELATED PARTY TRANSACTIONS

No material transactions were conducted with related parties on non-arm's length terms during the fiscal year.

### 7.3. CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

#### CONTINGENT LIABILITIES

As of the reporting date, there were contingent liabilities from guarantees in the amount of EUR 1,505 thousand, which were returned in April 2023.

#### OFF-BALANCE SHEET TRANSACTIONS

See table 7.3.1.

#### OTHER FINANCIAL OBLIGATIONS

In addition to contingent liabilities, there are other financial obligations, see table 7.3.2.

#### STOCK OPTION PROGRAMS

Based on the resolution of the Annual General Meeting of Deutsche Rohstoff AG on July 10, 2018, the Executive Board (or the Supervisory Board in the case of the issue of options to the Executive Board) was authorized to issue, on a one-off basis or in several tranches, up to 200.000 stock options with subscription rights to new registered no-par value shares of the Company with a pro rata amount of the share capital attributable to each share of EUR 1.00 per share with a term of up to seven years to members of the Executive Board and members of the management of affiliated companies, selected employees of the Company and affiliated companies, sub-

ject to the proviso that each stock option generally grants the right to subscribe to one new share of the Company.

With the resolutions of October 3, 2018 (34,500 options to employees), May 15, 2019 (50,000 options to members of the Executive Board) December 19, 2019 (21,000 options to employees) and March 23 (44,500 options to employees) and July 9, 2021 (50,000 options to members of the Executive Board), the 200,000 stock options were fully issued.

Based on the resolution of the Annual General Meeting of Deutsche Rohstoff AG on June 28, 2022, the Executive Board

(or the Supervisory Board in the case of the issue of options to the Executive Board) was again authorized to issue, on a one-off basis or in several tranches, up to 200.000 stock options with subscription rights to new registered no-par value shares of the Company with a pro rata amount of the share capital attributable to each share of EUR 1.00 per share with a term of up to seven years to members of the Executive Board and members of the management of affiliated companies, selected employees of the Company and affiliated companies, subject to the proviso that each stock option generally grants the right to subscribe to one new share of the Company.

TAB. 7.3.1. OFF-BALANCE SHEET TRANSACTIONS

	PURPOSE	RISKS	ADVANTAGES
Operating lease	Preservation of the liquidity situation and improvement of the equity ratio	Risks exist in the non-cancelable basic rental period and the higher refinancing costs.	Short-term contractual commitment, which means that the leased assets can be replaced as technical progress occurs.

TAB. 7.3.2. OTHER FINANCIAL OBLIGATIONS

IN EUR	RESIDUAL	RESIDUAL	2022	RESIDUAL	RESIDUAL	2021
	TERM	TERM		TERM	TERM	
	< 1 YEAR	> 1 YEAR		< 1 YEAR	> 1 YEAR	
Office rent	135,218	471,927	607,145	163,844	562,194	726,037
Car leasing	16,8005	19,134	35,939	7,845	9,806	17,651
Other	1,842	4,452	6,294	855	3,419	4,273
			649,378			747,961

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

With the resolutions of November 16, 2022 (46,500 options to employees) and November 17, 2022 (50,000 options to members of the Executive Board), a total of 96,500 stock options were issued.

The Company will only grant subscription shares to option holders if the conditions of the 2018 and 2022 stock option programs are met. In this context, cash settlement was expressly excluded. Due to the exercise of 5,000 options in the financial year 2022, the stock option program resulted in an increase in the share capital as of December 31, 2022 in the same amount.

### 7.4. EMPLOYEES

Average number of staff employed during the fiscal year, see table 7.4.

The average number of employees shall be the fourth part of the sum of the numbers of employees employed on March 31, June 30, September 30 and December 31 respectively.

TAB. 7.4. MITARBEITER

NUMBER OF EMPLOYEES	2022	2021
Workers	0	0
Salaried employees	28	26
Trainees	0	0
<b>TOTAL</b>	<b>28</b>	<b>26</b>

### 7.5. ORGANS OF THE COMPANY

#### BOARD OF DIRECTORS

##### Jan-Philipp Weitz

Chairman

##### Henning Döring

CFO, since October 1, 2022

##### Dr. Thomas Gutschlag

former Chairman, until June 28, 2022

#### SUPERVISORY BOARD

##### Dr. Thomas Gutschlag

Chairman, Mannheim, since June 28, 2022,  
Entrepreneur and member of Supervisory Boards

##### Martin Billhardt

Brunnen, Switzerland, Managing Director Sidlaw GmbH

##### Dr. Werner Zöllner

Wörthsee, since June 28, 2022,  
Entrepreneur and member of Supervisory Boards

##### Prof. Dr. Gregor Borg

Halle, until June 28, 2022,  
Head of the Department of Petrology and economic geology  
at the University of Halle-Wittenberg

##### Wolfgang Seybold

Esslingen am Neckar, until June 28, 2022,  
Banking professional, Managing Director AXINO Investment  
GmbH

### 7.6. TOTAL REMUNERATION OF THE EXECUTIVE BOARD

The remuneration of the Executive Board of Deutsche Rohstoff AG for the performance of their duties in the parent company and the subsidiaries amounted to EUR 831 thousand (previous year: EUR 978 thousand).

### 7.7. TOTAL REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board of Deutsche Rohstoff AG for the performance of its duties in the parent company and the subsidiaries amounted to EUR 185 thousand (previous year: EUR 163 thousand).

### 7.8. AUDITOR'S FEE

The total fee charged by the Group's auditor for the fiscal year amounts to EUR 77 thousand for audit services and EUR 10 thousand for other assurance services.

### 7.9. SUBSEQUENT EVENTS

After the balance sheet date, the following events had a significant impact on the further course of business until the beginning of April 2023:

In January 2023, the transfer of the shares of the remaining shareholders of TIN International AG to Deutsche Rohstoff AG in return for cash compensation ('squeeze-out') became effective by entry in the commercial register. On February 21, 2023, the conversion of TIN International AG into TIN Interna-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

tional GmbH was resolved with the relocation of the registered office to Mannheim.

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 will hold a 70 % stake in the company. Upon formation, EXAI has already secured three early stage exploration projects through two farm-ins and one exploration proposal. By the time the consolidated financial statements were signed, a further two exploration projects had been signed as part of farm-ins.

At the beginning of February 2023, Deutsche Rohstoff AG announced the status of reserves as of December 31, 2022. The value of proved reserves increased from USD 318 million to USD 352 million. The discounted value of producing wells as of December 31, 2022 was USD 246 million (previous year: USD 251 million). Despite record production of just over 3.5 million BOE in 2022 and net operating cash flow at the project level of over USD 130 million, the reserves thus produced were not only replaced but also further expanded.

Following the expiry of the conversion period on February 8, 2023, the convertible bond (WKNA2LQF2/ISIN DE000A2LQF20) was repaid on schedule in the amount of EUR 9.8 million on March 29. Based on the positive development of reserves, the credit lines in the USA (RBL) were increased from USD 60 million to USD 80 million in February 2023.

At the beginning of April 2023, the sale of the shares in Rhein Petroleum GmbH to the British company Beacon Energy plc

was completed. In this context, all guarantees of Deutsche Rohstoff AG in the amount of EUR 1,505 thousand were returned.

Mannheim, April 26, 2023

The Board

Jan-Philipp Weitz

Henning Döring

## REPORT OF THE SUPERVISORY BOARD

### DEAR SHAREHOLDERS,

In the past fiscal year, the Supervisory Board of Deutsche Rohstoff AG (hereinafter also referred to as the **“Company”**) performed the duties incumbent upon it under the law, the Articles of Association and the Rules of Procedure, and closely monitored the management of the business by the Executive Board in fulfillment of its advisory and supervisory function. The Supervisory Board was directly involved in all decisions of fundamental importance to the Company. As part of its duties, the Supervisory Board received regular, timely and comprehensive reports from the Executive Board on corporate planning, the situation and development of the Company and its affiliated subsidiaries and associated companies, and all significant business transactions, both in writing and verbally or by telephone. After careful examination and consultation, the Supervisory Board voted on the decisions or measures of the Board of Management requiring its approval by law, the Articles of Association or the Board of Management’s Rules of Procedure, as well as on other decisions of fundamental importance.

In addition to the reports from the Executive Board, I maintained constant contact with the Executive Board in my role as Chairman of the Supervisory Board. I kept myself informed about current business developments within the Group, in particular the effects of oil price developments, the development of oil and gas production in the USA, the share and bond portfolio, and the liquidity and financing of the Group. Through my function as Chairman of the Boards of the U.S. subsidiaries and as Chairman of the Supervisory Board of Ceritech AG, Prime Lithium AG and Tin International AG, I was informed in detail at all times about the activities within the Group.

### MEETINGS OF THE SUPERVISORY BOARD AND FOCUS OF DELIBERATIONS

A total of six Supervisory Board meetings were held in fiscal year 2022. All members of the Supervisory Board attended all meetings. No committees were formed. The meetings of the Supervisory Board in fiscal year 2022 focused in particular on the following topics:

- ongoing production of oil and gas in the U.S. at the various locations;
- the completion of a Farm-In and Development Agreement with Occidental Petroleum by the subsidiary Salt Creek Oil & Gas LLC;
- the development of the shares and bonds portfolio;
- the development of acreage in Wyoming by the subsidiary Cub Creek Energy LLC;
- the development of the subsidiary Prime Lithium AG and the progress in defining the lithium exploration and conception activities;
- the planned squeeze-out at the subsidiary Tin International AG;
- possible business areas that could be contributed to the publicly traded subsidiary Ceritech AG;
- the adoption of the annual financial statements and the approval of the consolidated financial statements of Deutsche Rohstoff AG for the financial year 2021 at the balance sheet meeting on April 25, 2022, after detailed discussion with the auditor of the financial statements and the consolidated financial statements for the financial year 2021;
- the transfer of Thomas Gutschlag to the Supervisory Board and the election of a new Supervisory Board by the 2022 Annual General Meeting;
- the business development and financial situation of Almonty Industries Inc. and the extension of existing loans or convertible bonds by Deutsche Rohstoff AG;
- the results of the Company’s interim financial statements as of June 30, 2022, and the quarterly report for the first nine months of 2022;
- the completion of a second Farm-In and Development Agreement with Occidental Petroleum;
- the sale of the shares in Rhein Petroleum GmbH to Beacon Plc. of England;
- the sale of the remaining acreage in North Dakota by the subsidiary Salt Creek Oil & Gas LLC;
- the purchase of shares from co-shareholders in the subsidiary Cub Creek Energy;
- the increase in Deutsche Rohstoff USA’s share of the acreage in Utah and the transfer of this acreage to the subsidiary Salt Creek Oil & Gas;

## REPORT OF THE SUPERVISORY BOARD

- price hedging of expected oil production in 2022 and 2023;
- the investment of the Company's cash and cash equivalents;
- the development of commodity prices, in particular the oil price in the USA and the European tungsten APT (ammonium paratungstate);
- the assessment of the currency development of EUR/USD in particular;
- the initial disbursement of funds from KfW-IPEX Bank's project financing and the participation in several capital increases of Almonty by Deutsche Rohstoff AG;
- the investment and budget planning of the Company and the Group for fiscal year 2023;

The budget planning for fiscal year 2023 prepared by the Executive Board was reviewed and approved by the Supervisory Board. The strategic alignment of the Company and the Group was discussed, reviewed and adjusted on the basis of medium- and long-term corporate plans and scenarios. The Supervisory Board analyzed and reviewed the information received from the Executive Board in detail and discussed it with the Executive Board. Particular attention was paid to the risk situation and risk management.

The Board of Management regularly informed the Supervisory Board about the net assets, financial position and results of operations of Deutsche Rohstoff AG and its subsidiaries and associated companies.

In addition, at various meetings and by means of resolutions outside meetings, the Supervisory Board gave its approval to transactions requiring approval under the law, the Company's Articles of Association or the Rules of Procedure for the Executive Board. These were in particular

- the issuance of so-called profit units to board members of Salt Creek Oil & Gas dated March 18, 2022;
- the appointment of Henning Döring to the Executive Board of the Company until September 30, 2025 and the conclusion of a corresponding service agreement;
- the approval of a resolution of the Board of Management regulating the terms and conditions of the 2022 stock dividend;
- the purchase of 81.22 units (corresponding to 0.6%) in Cub Creek Energy from Sidlaw GmbH by Deutsche Rohstoff USA dated July 13, 2022;
- the approval of the Unit Purchase Agreement dated August 17, 2022, by which the Supervisory Board approved the purchase of shares from co-shareholders of Bright Rock Energy;
- the approval of the granting of a loan to Prime Lithium AG in the amount of EUR 500,000 dated October 27, 2022;
- the resolution to redeem 127,810 shares of the Company and the corresponding revision of the Articles of Association;

- the issue of 46,500 stock options to employees and 50,000 stock options to the Management Board under the employee stock option program resolved by the 2022 Annual General Meeting on November 16 and 17, 2022, respectively;

### **ANNUAL FINANCIAL STATEMENTS, CONSOLIDATED FINANCIAL STATEMENTS, GROUP MANAGEMENT REPORT AND PROPOSAL FOR THE APPROPRIATION OF RETAINED EARNINGS**

Falk GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, based in Heidelberg, Im Breitspiel 21, 69126 Heidelberg, Germany (hereinafter referred to as **"Falk"**), was appointed by the Annual General Meeting on June 28, 2022 as auditor and group auditor for the financial year 2022 and subsequently commissioned by the Supervisory Board to audit the separate and consolidated financial statements of the Company. Falk audited the separate and consolidated financial statements (including the Group management report) for fiscal year 2022 prepared by the Executive Board and issued an unqualified audit opinion in each case.

All members of the Supervisory Board received the special documentation relevant to the financial statements, in particular the annual financial statements and consolidated financial statements, the associated audit reports by Falk and the Executive Board's proposal for the appropriation of net income, in good time before the Supervisory Board's meeting on April 26, 2023 to approve the financial statements. In preparation for this meeting, all members of the Supervisory Board dealt in detail with the aforementioned documents. At the financial statements meeting, the annual financial state-

## REPORT OF THE SUPERVISORY BOARD

ments, the consolidated financial statements, the Group management report and the proposal for the appropriation of net income were discussed in detail with the Executive Board. The Supervisory Board independently examined the annual financial statements prepared by the Management Board as well as the consolidated financial statements and the Group management report for legality, correctness, appropriateness and economic efficiency, as well as the Management Board's proposal for the appropriation of net retained profits. The partner responsible at Falk also attended the balance sheet meeting on April 26, 2023. He reported on the audit, commented on the main points of the audit and was available to the Supervisory Board to answer additional questions and provide information.

Following a detailed examination of the annual financial statements and the consolidated financial statements as well as the Group management report for fiscal year 2022, the Supervisory Board raised no objections to this, nor to the Executive Board's proposal for the appropriation of net income. The supervisory board concurred with the audit result of Falk and approved the annual financial statements and the consolidated financial statements of Deutsche Rohstoff AG. The annual financial statements of Deutsche Rohstoff AG are thus confirmed.

The Supervisory Board would like to thank the members of the Executive Board and all employees for their great commitment and for their achievements in the fiscal year 2022.

Mannheim, April 2023

For the Supervisory Board



Dr. Thomas Gutschlag  
Chairman



# AUDITOR'S REPORT

## TO THE DEUTSCHE ROHSTOFF AG, MANNHEIM

### AUDIT OPINIONS

We have audited the consolidated financial statements of Deutsche Rohstoff AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022 the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2022 to 31 December 2022, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of Deutsche Rohstoff AG for the financial year from 1 January 2022 to 31 December 2022.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January 2022 to 31 December 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies

with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 paragraph 3 sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

### BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

### OTHER INFORMATION

The Supervisory Board is responsible for the Supervisory Board report. In all other respects, the executive directors are

responsible for the other miscellaneous information. The other information comprises:

- Letter to the shareholders
- Comments on the share and the bond in the annual report
- Report by the Supervisory Board

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or
- our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

### RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compli-

## AUDITOR'S REPORT

ance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the

consolidated financial statements and of the group management report.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective [audit] opinions. Our

## AUDITOR'S REPORT

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

· Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

· Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

· Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

· Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the

prospective information from these assumptions. We do not express a separate [audit] opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Heidelberg, 26 April 2023

FALK GmbH & Co KG

Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Steffen Ahrens

Wirtschaftsprüfer  
[German Public Auditor]

Bastian Wenk

Wirtschaftsprüfer  
[German Public Auditor]

## 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.

### DEVIATIONS RESULTING FROM TECHNICAL GROUNDS

For technical reasons (e.g. resulting from the conversion of electronic formats) deviations may arise between the accounting documents contained in this Annual 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.

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

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# Deutsche Rohstoff

