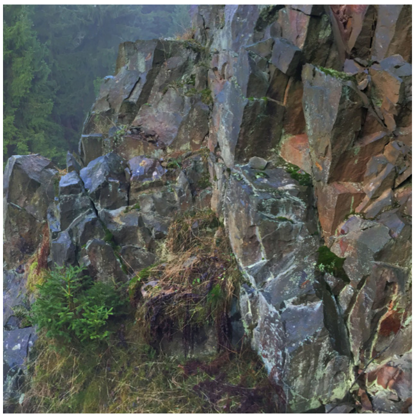
HALF-YEAR REPORT

2020



Deutsche Rohstoff

COMMODITIES ARE
THE FUTURE

HALF-YEAR REPORT 2020

Deutsche Rohstoff

CORPORATE **BODIES** (AS OF 30 JUNE 2020)

EXECUTIVE BOARD

Dr. Thomas Gutschlag
Jan-Philipp Weitz

SUPERVISORY BOARD

Martin Billhardt (Chairman)
Prof. Dr. Gregor Borg
Wolfgang Seybold

HIGHLIGHTS FIRST HALF 2020 DEUTSCHE ROHSTOFF GROUP

01

20 January 2020
Initial volume estimate for Rhein Petroleum's Steig-1 discovery estimated at 114 million barrels

04

16 April 2020
Deutsche Rohstoff USA expects a tax refund of about USD 7.5 million

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

Sales	+26.1
EBITDA	+15.8
Net profit	-13.4
Liquidity	+46.2
Equity ratio in %	+26.2

COMMODITIES ARE **THE FUTURE**

06

2 June 2020
Bright Rock acquires an extensive land package (28,000 net acres) with five producing wells

Q2

2nd Quarter 2020
Establishing of a share and bond portfolio worth EUR 19.1 million. Realised and unrealised gains as of 30.06.2020 in the amount of EUR 7.4 million

Ladies & Gentlemen,

The first half of 2020 was dominated by the Corona crisis. The sharp fall of the global economic activity in February and March was followed by a gradual recovery. We reacted quickly and took a number of measures to overcome the crisis. One of the most important steps was the sharp cutback in our oil production at Cub Creek. We did not want to sell our valuable reserves at extremely low prices.

Our strong hedge position proved to be very important and supportive, generating income of over EUR 10 million in the first half of the year, which naturally made it easier for us to decide to cut back production.

Adjusted consolidated earnings before impairment charges amounted to EUR 1.2 million at the end of the first half of the year (previous year as of 30 June 2019: EUR 3.5 million). After impairment charges, the consolidated net loss for the half year amounts to EUR 13.4 million. In light of the uncertainty for oil prices for the coming years, we have felt obliged to carry impair the book value of Elster and the shares of Northern Oil & Gas totaling EUR 17.2 million. These write-downs are non-cash. However, they reduce the risks on our balance sheet. If the development is better than expected, there may also be additional earnings potential.

Revenue amounted to EUR 26.1 million (previous year: EUR 24.2 million) and EBITDA to EUR 15.8 million (previous year: EUR 15.2 million). For the year as a whole, we now expect sales at the upper end of our forecast of EUR 33 to 37 million. At EUR 15 to 18 million, EBITDA will probably exceed our previous forecast.

The rapid recovery of oil prices from their lows in March and April contributed to this result. In March, the average price for WTI was USD 29.21 per barrel, in April it was only USD 16.50 per barrel. At the end of the first half of the year, WTI rose again to around USD 39 per barrel and has been trading around this level ever since.

In the first half of 2020, the group companies in the US produced significantly reduced volumes. In March, we decided to cut back production so that we would not have to sell more oil and gas than necessary at the very low prices. However, we can only make this decision at Cub Creek Energy, where we are the operator responsible for production. We hold minority interests in all other companies, and it is up to the respective operator to decide whether or not to cut back production.

The four companies produced an average of 5,022 BOE per day in the first half of the year, which corresponds to a total production of 913,949 BOE. Oil accounted for 437,921 barrels, with natural gas and condensates accounting for the remainder. All volume figures represent the Group's net share.

Cub Creek Energy produced rising volumes from the Olander well pad until mid March. At peak production, drilling reached 6,000 barrels/day. In mid-March, we decided to initially reduce production due to the drop in prices, and even to shut down production completely from the end of April. Production from the older pads was also cut back.

Elster Oil & Gas produced 2,368 (net 666) barrels of oil per day in the first half of the year. The operator had not reduced production, so Elster delivered the expected volumes.

At **Bright Rock Energy** and **Salt Creek Oil & Gas**, production in the first half of the year totaled around 218 barrels of oil per day, which is roughly in line with budgeted volumes.

Our hedge book, i.e. the price hedging instruments that we had concluded, accounted for a significant proportion of revenue and earnings in the first half of the year. These hedges expire and are settled monthly. In the case of Elster, we had decided in March to sell the entire position for the rest of the year. In total, the realized proceeds from hedging in the first half of the year amounted to EUR 10.2 million. The excpected value of outstanding and unrealized hedges for the second half of the year amounts to around EUR 2.2 million. The remaining hedges cover 100% of our production in the second half of the year, unless we increase production again.

In January, our subsidiary **Almonty Industries** was finally able to announce the binding commitment of KfW-IPEX Bank to finance the Sangdong mine in South Korea. The bank, which plays a leading role in the financing of mining projects worldwide for decades, had conducted an extensive review of the project and came to a positive funding. Further strong support for the project was also signaled by the Korean government, which will provide financial support for the construction of the mine in various ways. On site, all the work necessary to begin construction of the mine and processing has now been completed. The starting signal for this will be given in the second half of the year.

At the beginning of January, **Rhein Petroleum GmbH** reported more than 114 million barrels of oil in place for the Steig-1 well and is currently planning further field development. New wells and the start of long-term test production could be scheduled for next year. We are pleased about this development, which gives the company an excellent long-term perspective.

The US oil price of WTI fluctuated between USD -40 and 63 per barrel in the first half of the year. This range alone shows how extraordinary the first half of the year was. For the rest of the year, we expect the oil price to remain moderately positive

SHARES AND BONDS

Our share price has continued to perform disappointingly in recent months. It could not escape the generally very poor market sentiment, especially for oil and gas stocks in the USA. At present, the market continues to value our shares below the value of our equity. In contrast to our shares, our bonds have almost returned to their pre-Corona level relatively quickly.

CONTINUED DIVIDEND PAYMENT

Three days after the Annual General Meeting on 15 July 2020 in Mannheim, shareholders received their dividend payment for 2019 in the amount of 10 cents. Since 2013, the total dividend has amounted to EUR 3.20. Despite the extraordinary circumstances, we have maintained our dividend payment, although far below the previous year's level. However, we want to resume the old dividend path as quickly as possible.

The further development of the share price depends very much on oil prices. A price level of 50 USD/barrel or more should give a significant boost to oil and gas shares and also to our shares. In the coming months, we expect a positive news flow from our US subsidiaries as well as from our mining holdings. From the beginning of 2021 at the latest, production in the United States should again increase strongly.

With best regards from Mannheim

Thomas Gutschlag
CEO

Jan-Philipp Weitz
CFO

CRUDE OIL FROM RHEIN PETROLEUM'S **STEIG-1**

CONSOLIDATED **BALANCE SHEET** AS OF 30 JUNE 2020 (UNAUDITED)

ASSETS		30.06.2020	30.06.2019	31.12.2019
		EUR	EUR	EUR
A.	**FIXED ASSETS**	**179,774,021**	**163,982,439**	**198,470,283**
I.	Intangible assets			
1.	Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	19,094,174	20,741,652	20,558,383
2.	Goodwill	1,503,835	1,635,551	1,577,912
		20,598,009	22,377,203	22,136,294
II.	Property, plant and equipment			
1.	Oil production facilities	125,752,737	103,898,129	138,432,742
2.	Exploration and evaluation	648,466	3,126,854	648,076
3.	Plant and machinery	126,242	47,188	142,588
4.	Other equipment, furniture and fixtures	264,975	211,673	330,665
		126,792,420	107,283,844	139,554,072
III.	Financial assets			
1.	Equity investments	16,694,764	14,383,651	16,688,646
2.	Loans to other investees and investors	3,245,552	1,902,145	1,902,145
3.	Securities classified as fixed assets	12,443,276	18,035,596	18,189,126
		32,383,592	34,321,392	36,779,917
B.	**CURRENT ASSETS**	**39,444,275**	**42,763,804**	**77,897,408**
I.	Inventories			
	Finished goods and merchandise	164,611	175,079	164,611
		164,611	175,079	164,611
II.	Receivables and other assets			
1.	Trade receivables	3,124,015	4,900,994	8,853,988
2.	Receivables from other investees and investors	1,259,781	2,054,323,	1,080,719
3.	Other assets	1,103,884	271,866	1,161,323
		5,487,680	7,227,183	11,096,030
III.	Securities classified as current assets	19,915,342	6,390,392	5,355,985
IV.	Bank balances	13,876,642	28,971,150	61,280,782
C.	**PREPAID EXPENSES**	**1,073,145**	**451,017**	**1,156,344**
D.	**DEFERRED TAX ASSETS**	**1,468,288**	**1,285,162**	**1,400,918**
	TOTAL ASSETS	**221,759,729**	**208,482,422**	**278,924,953**

LIABILITIES			30.06.2020		30.06.2019		31.12.2019
			EUR		EUR		EUR
A.	**EQUITY**		**58,205,545**		**77,366,595**		**71,500,929**
I.	Subscribed capital	5,081,747		5,063,072		5,081,747	
	./. less nominal value of treasury shares	-127,810	4,953,937	-127,810	4,935,262	-127,810	4,953,937
	Conditional capital: EUR 2,200,000 (prior year: EUR 2,200,000)						
II.	Capital reserves		30,019,333		29,741,076		30,019,333
III.	Equity differences from currency translation		4,157,795		2,721,524		3,833,204
IV.	Consolidated net retained profit		12,228,630		31,672,666		25,509,961
V.	Non-controlling interests		6,845,850		8,296,067		7,184,494
B.	**PROVISIONS**		**8,631,925**		**16,430,534**		**25,222,235**
1.	Tax provisions		0		0		691
2.	Other provisions		8,631,925		16,430,534		25,221,544
C.	**LIABILITIES**		**143,897,154**		**97,753,628**		**166,015,980**
1.	Bonds, thereof convertible: EUR 10,700,000 (prior year : EUR 10,700,000)		114,419,000		77,299,000		131,077,000
2.	Liabilities to banks		14,357,353		10,230,738		8,033,734
3.	Trade payables		7,135,259		2,095,439		17,113,896
4.	Other liabilities		7,985,543		8,128,451		9,791,350
D.	**DEFFERED TAX LIABILITIES**		**11,025,105**		**16,931,665**		**16,185,809**
	TOTAL EQUITY AND LIABILITIES		**221,759,729**		**208,482,422**		**278,924,953**

CONSOLIDATED **INCOME STATEMENT** FROM 1 JANUARY TO 30 JUNE 2020 (UNAUDITED)

		01.01.-30.06.2020	01.01.–30.06.2019	01.01.–31.12.2019
		EUR	EUR	EUR
1.	REVENUE	26,121,443	24,156,714	41,203,744
2.	INCREASE OR DECREASE IN FINISHED GOODS AND WORK IN PROCESS	0	19,560	9,092
3.	OTHER OWN WORK CAPITALIZED	0	0	101,822
4.	OTHER OPERATING INCOME	2,583,631	1,153,529	4,312,435
5.	COST OF MATERIALS	6,690,330	5,955,094	11,342,433
	Cost of purchased services	6,690,330	5,955,094	11,342,433
6.	PERSONNEL EXPENSES	1,697,869	2,066,633	4,489,479
	a) Wages and salaries	1,580,424	2,004,757	4,176,788
	b) Social security, pensions and other benefit costs	117,445	61,876	312,691
	– thereof for pensions EUR 2,458 (prior year: EUR 2,426)			
7.	OTHER OPERATING EXPENSES	4,547,863	2,127,363	7,070,068
	EBITDA	**15,769,012**	**15,180,713**	**22,725,113**
8.	AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	24,078,286	7,329,847	16,297,431
	a) of intangible assets and property, plant and equipment	24,078,286	7,329,847	16,297,431
	b) of current assets	0	0	0
9.	AMORTIZATION OF FINANCIAL ASSETS AND SECURITIES CLASSIFIED AS CURRENT ASSETS	7,240,919	380,350	797,558
	EBIT	**-15,550,193**	**7,470,516**	**5,630,124**
10.	OTHER INTEREST AND SIMILAR INCOME	397,773	268,093	532,517
11.	INTEREST AND SIMILAR EXPENSES	3,502,984	2,893,541	5,900,577
12.	INCOME TAXES	5,292,276	-1,311,819	76,072
13.	EARNINGS BEFORE TAXES	-13,363,128	3,533,249	185,992
14.	OTHER TAXES	243	188	188
15.	**NET INCOME FOR THE GROUP**	**-13,363,371**	**3,533,061**	**185,805**
16.	PROFIT (-)/LOSS (+) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	82,041	-516,963	122,271
17.	PROFIT CARRYFORWARD (+)	25,509,961	28,656,568	25,201,885
18.	CONSOLIDATED NET RETAINED PROFIT	12,228,630	31,672,666	25,509,961

COMMODITIES ARE **THE FUTURE**

GROUP **MANAGEMENT REPORT**

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

GROUP **MANAGEMENT REPORT**

The following is a condensed management report, which mainly deals with deviations from the consolidated financial statements for 2019. In this respect, we refer to the 2019 Annual Report and the extensive Management Report contained therein for a detailed presentation.

I. FUNDAMENTAL INFORMATION ABOUT THE GROUP

1. BUSINESS MODEL

There have been no changes to the business model described in the 2019 Annual Report. As of 30 June 2020, the Deutsche Rohstoff Group consisted of the group companies shown on the following page:

There have been only minor changes compared to the 2019 annual report.

- At Tin International AG, the share rose from 75.40% to 76.53% due to share purchases.
- The share in Bright Rock Energy increased from 98.35% to 98.42%.

The shares of Deutsche Rohstoff AG have been traded in the Entry Standard segment since May 2010 and in the Scale Segment of the Frankfurt Stock Exchange since March 2017. The number of shares as of 30 June 2020 amounted to 5,081,747 with a market capitalisation of about EUR 46 million as of 30 June 2020 (30 June 2019: EUR 87 million).

2. OBJECTIVES AND STRATEGIES

No changes.

3. RESEARCH AND DEVELOPMENT

No changes.

II. REPORT ON ECOMONIC POSITION

1. MACROECONOMIC AND INDUSTRY-SPECIFIC ENVIRONMENT

The price of US oil (WTI) fell in the first half of the year from over USD 60 in some cases to historic lows in negative and single-digit positive territory, but was able to recover towards the end of the first half of the year to at least around USD 39. Overall, the corona pandemic and its economic consequences presented the global economy and the oil and gas sector with extreme challenges and a medium-term development perspective that is difficult to assess. The danger of a massive oversupply on the oil market and thus a further collapse of oil prices still exists, but could be partially cushioned by worldwide production cuts and investment stops. The question of how a recovery of the global economy and thus the demand for oil and gas will develop will therefore also be decisive for the development of commodity prices in the coming months and years.

2. CORPORATE DEVELOPMENT

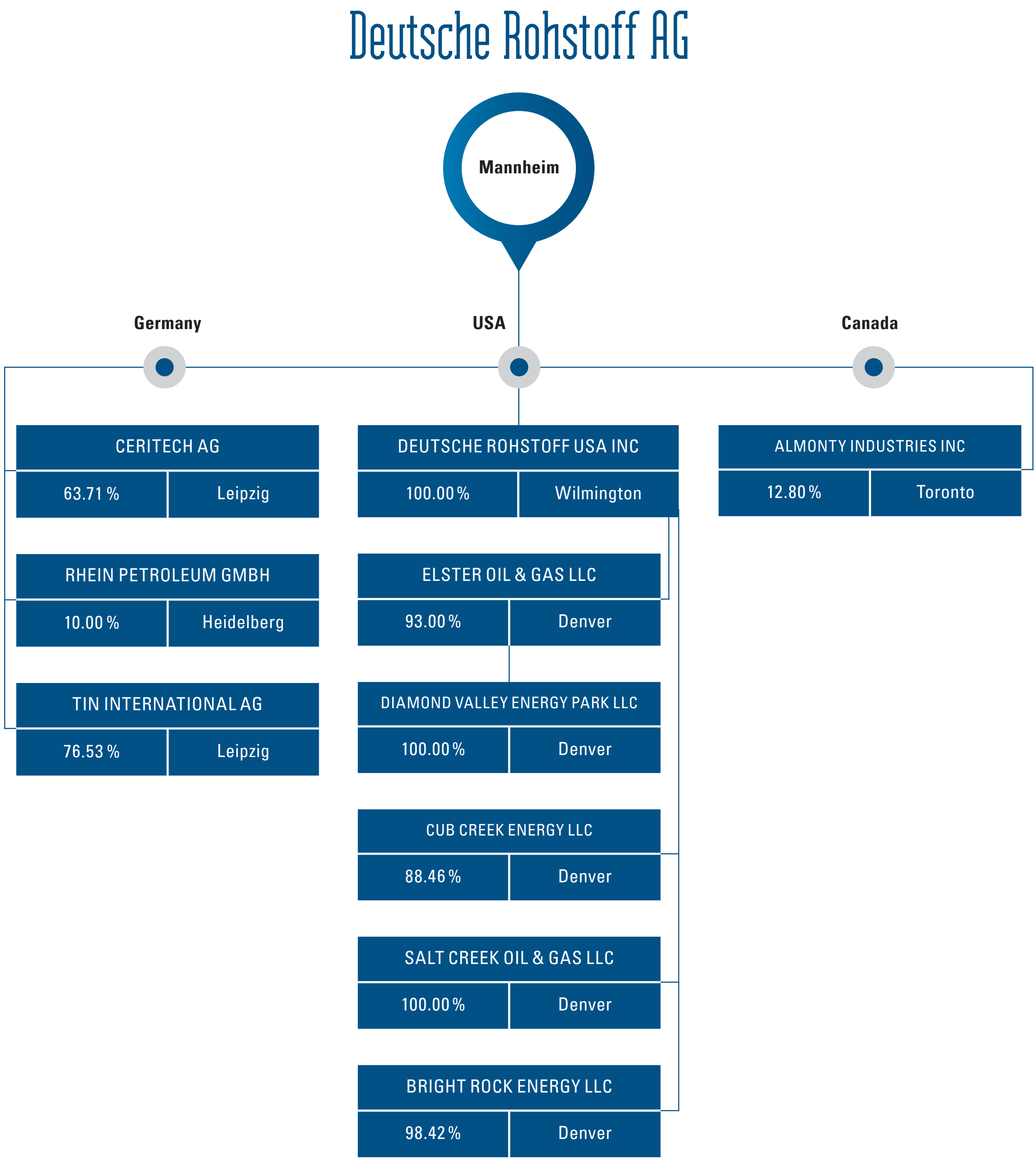
In the first half of 2020, the average daily production was 5,022 BOE. The Group's oil and gas sales totalled 913,949 BOE in the first half of the year. Of this total, 437,921 barrels were oil and the rest natural gas and condensates. All volumes represent the Group's net share. Minority interests have already been deducted. Production led to USD sales of USD 28.8 million in the first half of the year, USD 11.1 million of which resulted from the reversal of hedging transactions. Natural gas and condensates accounted for sales of USD 3.9 million. Conversion into EUR was carried out at an average exchange rate of 1.10, resulting in EUR sales of EUR 26.1 million.

The four companies accounted for the following quantities:
Cub Creek Energy: 528,179 BOE (277,172 barrels oil)
Elster Oil & Gas: 333,728 BOE (121,128 barrels oil)
Salt Creek Oil & Gas: 9,512 BOE (7,324 barrels oil)
Bright Rock Energy: 42,530 BOE (32,296 barrels oil)

For Cub Creek Energy, the first half of the year was initially dominated by increasing volumes from the Olander well, which has been producing oil and gas since the end of December 2019. With the onset of the Covid-19 crisis and the resulting sharp drop in oil prices, management decided to cut production sharply in order to avoid having to sell the reserves too cheaply. The Olander well has not been producing oil and gas since the end of April, the older wells were reduced to a minimum.

In the first quarter, gross production from the wells operated by Cub Creek Energy was 4,068 BOE per day. In the second quarter, production dropped to 1,800 BOE per day due to voluntary curtailment.

GROUP STRUCTURE AS OF 30 JUNE 2020



The older pads (Haley, Vail, Litzenberger, Markham) are expected to resume full production from October 2020. The Olander well pad, on the other hand, will only be reactivated when oil prices rise.

Elster Oil & Gas produced in line with expectations in the first half of the year. The gross production of the wells was 2,368 (net 666) barrels of oil per day.

In contrast to Cub Creek, the operator of the Elster wells decided not to restrict production in the spring, but to keep it going. From mid-March onwards, Elster therefore also achieved significantly lower sales. The average sales price for the oil produced fell from USD 41.06 per barrel in the first quarter to USD 22.12 per barrel in the second quarter.

Not least because of this loss of sales, the Executive Board of Deutsche Rohstoff AG decided to take an impairment on the book value of Elster.

There were few changes at Salt Creek Oil & Gas in the first half of the year. Production was 52 BOE or 40 BO per day. The various operators had cut back on individual wells.

Bright Rock Energy, which was founded in 2018, continued its growth in the first half of 2020. The company now holds around 2,000 acres in Uinta Basin in Utah, USA, all in the core area of the field. Production in the first half of the year was around 234 BOE per day, significantly higher than the previous year (100 BOE).

In May 2020, Bright Rock announced an acquisition of production and land in an oil field in Wyoming, USA. This is an area with an expected production of approximately 300 barrels of oil per day in the second half of 2020 and undrilled areas of approximately 28,000 net acres. This gives Bright Rock a large position in another field. For the first time, the company will also be active as an operator.

Following the change to the calendar year, Almonty Industries, a major holding, reported quarterly in accordance with the calendar year for the first time as of March 31, 2020, with net income falling to CAD -4.1 million (previous year: CAD 11.5 million) or CAD -0.02 per share. Sales decreased to CAD 6.4 million (previous year: CAD 13.1 million) due to lower prices and the end of production in Los Santos.

As a reaction to the Corona crisis, Deutsche Rohstoff has built up an equity and bond portfolio which has developed positively so far. As of 30 June 2020 the price gains amounted to around EUR 7.4 million. So far only a small part of the gains has been realised. By mid-August, the gains have further increased to over EUR 9 million.

Of the originally planned investment volume of a maximum of EUR 22.3 million (USD 25 million), EUR 19.1 million had been invested at the end of June 2020. Gold mining shares account for around 50 percent of the portfolio. The gold share is thus higher than initially planned, which is related to the very good development of the gold price.

Within the investment strategy, the focus is on oil and gas companies within the US, which the management can assess well due to the experience in the US oil and gas business, as well as international oil companies. Bonds and stocks are considered. Companies invested in include Devon Energy, Northern Oil & Gas, Exxon and Shell (equities), Oasis Petroleum, Devon Energy and Whiting Petroleum (bonds). In mid-August, the portfolio was up around 15%.

In the gold sector, the focus is on small to medium-sized companies where the team of Deutsche Rohstoff AG can make a good assessment due to its technical and economic expertise. Some of the larger positions include Victoria Gold, Teranga Gold, Corvus Gold and Velocity Minerals. In mid-August, all stocks in the portfolio were on average around 100% up.

Rhein Petroleum GmbH reported in early January that it expects the Steig field near Weingarten/Baden-Wuerttemberg to contain a quantity of at least 110 million barrels of oil in place. Further tests will have to show how much of this can be produced. Deutsche Rohstoff AG currently holds a 10% share in Rhein Petroleum GmbH.

With regard to further activities, we refer to the 2019 Annual Report and the comments in this interim report.

3. FINANCIAL PERFORMANCE, FINANCIAL POSITION AND ASSETS AND LIABILITIES

FINANCIAL PERFORMANCE

In the first half of the year, the group generated revenues of EUR 26.1 million. Revenues include revenues from hedging transactions in the amount of EUR 10.1 million. The vast majority of these revenues came from oil and gas production in the USA.

The individual subsidiaries accounted for the following sales:

Cub Creek Energy:	EUR 18.3 million
Elster Oil & Gas:	EUR 6.5 million
Salt Creek Oil & Gas:	EUR 0.2 million
Bright Rock Energy:	EUR 1.1 million

At EUR 1.1 million, other operating income of EUR 2.6 million is largely made up of income from foreign exchange gains, although this is offset by foreign exchange losses of EUR 1.5 million, which were booked under other operating expenses. At EUR 1.7 million, personnel expenses were EUR 0.3 million lower than in the previous year. The reduction is related to the 25% salary waiver decided by the management of all group companies for six months starting in April 2020 due to the COVID-19 pandemic.

At EUR 24.1 million (previous year: EUR 7.3 million), depreciation and amortization was significantly higher than in the previous year. This item is composed of scheduled depreciation and amortization of EUR 13.4 million and unscheduled depreciation and amortization of EUR 10.7 million. The unscheduled depreciation relates to the oil production facilities of Elster Oil & Gas and was made due to the low oil and gas price forecasts.

Scheduled depreciation of EUR 13.4 million, which is attributable to the ongoing operating activities of the producing companies, corresponds to EUR 14.58 per barrel of oil equivalent produced.

Other operating expenses amounted to EUR 4.5 million in the first half of the year. The two largest items here are exchange rate losses of EUR 1.5 million (previous year: EUR 0.9 million) and losses from the sale of securities of EUR 1.3 million, of which EUR 1.1 million were incurred in the first quarter of 2020. All other expenses are general and administrative expenses of EUR 1.7 million for all Group companies.

At EUR -10.3 million, the financial result was significantly below the level of the previous year (previous year: EUR -3.0 million). The financial result includes the impairment of the shares in Northern Oil & Gas Inc. amounting to EUR 6.5 million. Furthermore, the item includes interest expenses of EUR 3.5 million, of which EUR 3.1 million are attributable to Deutsche Rohstoff AG and EUR 0.4 million to the US subsidiaries.

The tax result was EUR 5.3 million (previous year: EUR -1.3 million). This result reflects both deferred tax income of EUR 2.7 million (previous year: USD 3.0 million), which is in connection with the US tax refund of USD 7.5 million expected in the 2020 financial year, and deferred tax income of EUR 2.5 millionrelated to the impairment losses at Elster Oil & Gas.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 15.8 million in the first half of the year (previous year: EUR 15.2 million). After depreciation and amortization, earnings before interest and taxes (EBIT) were EUR -15.5 million. (previous year: EUR 7.5 million). Earnings before taxes were EUR -18.7 million (previous year: EUR 4.8 million).

The consolidated net loss for the first half of 2020 was EUR -13.4 million (previous year consolidated net income: EUR 3.5 million). A loss of EUR 0.1 million was attributable to minority interests.

FINANCIAL POSITION

Cash and cash equivalents (bank balances and securities held as fixed and current assets) amounted to EUR 46.2 million as of 30 June 2020 (previous year: EUR 53.4 million). Compared to 31 December 2019 (EUR 84.8 million), this represents a decline of EUR 38.6 million. This decline is mainly due to the repayment of bond 16/21 in the amount of EUR 16.7 million, the payment of bond interest in the amount of EUR 3.9 million and the repayment of liabilities in the amount of EUR 8.5 million. The depreciation of the shares of Northern Oil & Gas Inc. in the amount of EUR 6.5 million must be taken into account as a non-cash component.

ASSETS AND LIABILITIES

The consolidated balance sheet total of EUR 221.8 million increased by EUR 13.3 million compared to the previous year (EUR 208.5 million). Shareholders' equity declined by around EUR 19.2 million due to the impairments carried out as of 30 June 2020. In contrast, liabilities increased by around EUR 37.1 million due to the issue of the new bond 19/24 in the amount of EUR 87.1 million and the partial repayment of bond 16/21 in the amount of EUR 50 million.

On the assets side, the increase in total assets is primarily due to the rise in property, plant and equipment, which amounted to EUR 126.8 million as of 30 June 2020 (previous year: EUR 107.3 million). On the one hand, this reflects the drilling program at Cub Creek Energy's Olander well site, which started in the second half of 2019. On the other hand, there are the impairment losses recognized at Elster Oil & Gas as of 30 June 2020.

Liabilities increased from EUR 97.8 million to EUR 143.9 million compared to 30 June 2019. In addition to the increase in the bond volume by EUR 37.1 million, liabilities to banks rose by EUR 4.1 million and trade payables by EUR 5.0 million.

Equity fell from EUR 77.4 million to EUR 58.2 million as a result of the unscheduled write-downs made as of 30 June 2020. The equity ratio fell from 37.1% to 26.2%.

OVERALL CONCLUSION

In the opinion of the Management Board, there has been no change in the overall statement in the annual report that the Group's economic and financial situation remains good. However, the continuing effects of the corona pandemic and the associated low oil prices present the Group with challenges with regards to the current situation and the planning of operational development in the coming months and years. The positive development of US oil prices (WTI) until mid-August shows that market participants believe that a recovery of the market is quite possible. Further increases in WTI prices are necessary for the long-term successful orientation of the Group in the oil and gas sector and a positive future development of the economic and financial situation.

The Group had to close the half-year with a negative result. At EUR 15.8 million, the key performance indicator earnings before interest, taxes, depreciation and amortization (EBITDA) remained at the previous year's level (EUR 15.2 million), but was affected by hedging transactions and the commissioning of the Olander well pad at the beginning of the year, with the result that significantly lower sales and earnings contributions are expected in the second half of the year due to the reduced production. In the coming months, the further development of the US subsidiaries is planned on the basis of the oil price development. In addition, it is currently part of the strategy to take advantage of opportunities arising in the commodities market, which include the completed acquisition of land in Wyoming by Bright Rock Energy and the successful development of a stock and bond portfolio.

III. FORECAST, OPPORTUNITIES AND RISK REPORT

For the year 2020 as a whole, the forecast is adjusted as follows:

- Revenue is expected to be at the upper end of the published range of EUR 33 to 37 million.
- EBITDA is now expected to reach EUR 15 to 18 million (previously EUR 15 million).
- The consolidated loss is increased to around EUR 20 million (previously: single-digit negative consolidated net income) due to the unscheduled write-downs.

The forecast assumes an average US oil price of USD 40/Barrel (previously: 30) in the second half of the year, a Henry Hub gas price of USD 2.0/MMBtu (previously: 2.25) and a EUR/USD exchange rate of 1.17 (previously: 1.10).

A positive effect on the 2020 forecast may arise from the resumption of drilling from the Olander well pad before the end of 2020 if oil prices continue to rise. In addition, a positive effect could result from the realization of income from the equity and bond portfolio, which was built up in the second quarter of 2020.

If the current oil price environment deteriorates or remains at the current level of around USD 40 in the long term, there is a risk of further significant impairments on producing oil production facilities in the US. The carrying amount of the oil production facilities amounted to EUR 126 million as of 30 June 2020.

Withs regard to the opportunities and risks report, we refer to the Annual Report 2019.

Mannheim, 20 August 2020

The Management Board

Dr. Thomas Gutschlag Jan-Philipp Weitz

STEIG-1 IN WEINGARTEN, GERMANY

NOTES TO THE **CONSOLIDATED FINANCIAL STATEMENTS**

1. GENERAL

The parent company Deutsche Rohstoff AG is based in Mannheim. The company is registered under number HRB 702881 in the register of the local court Mannheim.

The half-year consolidated financial statements of Deutsche Rohstoff as of 30 June 2020 have been prepared in accordance with the accounting regulations of the German Commercial Code (HGB Sections 290 et seq.) The half-year consolidated financial statements do not contain all the information and explanations required for consolidated financial statements and should be read in conjunction with the consolidated financial statements as of 31 December 2019.

The consolidated income statement was prepared in accordance with the total cost method in the reporting period. The accounting policies applied in the preparation of the half-year consolidated financial statements correspond to those applied in the preparation of the consolidated financial statements for the financial year ended 31 December 2019. Please refer to the notes to the consolidated financial statements for the financial year 1 January 2019 to 31 December 2019, printed in the 2019 Annual Report, page 54 et seq. (hereinafter: Annual Report). The half-year consolidated financial statements are presented in Euros (EUR). Unless otherwise stated, all figures are rounded up or down to one Euro (EUR) in accordance with commercial rounding. Please note that differences may occur in the use of rounded amounts and percentages. These interim consolidated financial statements have not been audited.

2. BASIS OF CONSOLIDATION

The scope of consolidation has not changed as of 30 June 2020 compared to 31 December 2019.

3. CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies were translated at the mean spot exchange rate on the balance sheet date. In the case of a remaining term of more than one year, the realization principle and the acquisition cost principle were observed. With the exception of equity, the asset and liability items in the annual financial statements prepared in foreign currency were converted into Euros at the mean spot exchange rate on the balance sheet date. Shareholders' equity was converted using historical exchange rates. Income statement items are translated into euros at the average rate. The resulting translation difference is shown within the consolidated shareholders' equity under the item „Equity difference from currency translation.

4. NOTES TO THE CONSOLIDATED BALANCE SHEET

In the following, only those items are listed for which significant changes were recorded in the half-year from 1 January to 30 June 2020 compared with the previous year (31 December 2019). Otherwise, reference is also made here to the explanations in the annual report.

4.1. FIXED ASSETS

Due to the purchase of smaller licenses by the company Bright Rock Energy, the item "Concessions, industrial property rights and similar rights and assets as well as licenses" increased by EUR 1.1 million compared to 31 December 2019. This is offset by an extraordinary write-down attributable to the company Elster Oil & Gas (for more details, please refer to the notes on depreciation and amortization). Depreciation was applied to the following assets in order to show them at their fair value. The item "Concessions, industrial property rights and similar rights and assets as well as licenses" was written down by EUR 2.1 million and the item "Producing oil production facilities" by EUR 8.6 million.

As of 30 June 2020, the item "Concessions, industrial property rights and similar rights and assets as well as licenses" thus totaled EUR 19.1 million compared to EUR 20.1 million as of 31 December 2019.

The item "Oil production facilities" decreased by EUR 12.6 million compared with 31 December 2019. In addition to investments in new wells at the company Cub Creek Energy in the first quarter of 2020 in the amount of around EUR 8.0 million, scheduled depreciation and amortization of EUR 12.0 million and impairment charges of EUR 8.6 million were recognized at Elster Oil & Gas. As a result, the item "Producing oil production facilities" decreased from EUR 138.4 million to EUR 125.8 million compared with 31 December 2019.

Loans to companies in which a participating interest is held increased by EUR 1.3 million compared with 31 December 2019. This relates to a loan granted to Almonty Industries Inc.

The securities held as fixed assets amounted to EUR 12.4 million as of 30 June 2020. The decrease of EUR 5.8 million compared to 31 December 2019, is mainly due to an impairment loss of EUR 6.5 million on the shares of Northern Oil & Gas Inc. Under the assumption of an expected permanent reduction in value, the shares were now valued at USD 1.0 per share as of 30 June 2020.

4.2. CURRENT ASSETS

SECURITIES

The item "Securities classified as current assets" increased mainly due to purchases of securities at the level of Deutsche Rohstoff AG amounting to EUR 14.6 million. As a result, the position "Securities of current assets" as of 30 June 2020 amounts to EUR 19.9 million (previous year: EUR 6.4 million).

BALANCES WITH BANKS

The item "Bank balances" decreased from EUR 61.3 million as of 31 December 2020 to EUR 13.9 million as of 30 June 2020, mainly due to the repayment of bond 16/21 in the amount of EUR 16.7 million, the payment of interest on the bonds in the amount of EUR 3.9 million, the repayment of trade payables in the amount of EUR 8.5 million and the securities purchases by Deutsche Rohstoff AG in the amount of EUR 14.6 million.

4.3. EQUITY

As of the balance sheet date, the Group's capital reserves are EUR 3.8 million higher than the capital reserves of the parent company. The item "Equity differences from currency translation" mainly comprises the translation differences from the currency translation of asset and liability items in the annual financial statements prepared in US Dollars as of the balance sheet date and the currency translation of the income statements prepared in US Dollars at the average exchange rate. As a result of the higher US Dollar exchange rate, the item has increased by EUR 0.4 million compared with 31 December 2019, so that it now amounts to EUR 4.2 million as of 30 June 2020.

4.4. LIABILITIES

The item "Bonds" contains liabilities from the issue of two corporate bonds and a convertible bond totalling EUR 114.4 million.

The first bond was issued on 20 July 2016. This non-convertible bond has a final maturity date of 20 July 2021 and bears interest at 5.625% p.a. Bonds with a nominal value of EUR 33.3 million were exchanged for the new bond when the second bond was issued in the 2019 financial year. In addition, the right of termination was exercised and half of the existing volume (EUR 16.7 million) was repaid in January 2020 at 102% of the agreed nominal amount. The bond therefore still has an outstanding volume of EUR 16.7 million as of 30 June 2020.

The second bond, also non-convertible, was issued on 6 December 2019 and has a five-year term until 6 December 2024; it also has a final maturity and bears interest of 5.25% p.a. As of 30 June 2020, the bond had an outstanding volume of EUR 87.0 million.

The item "Bonds" also contains liabilities from the issue of a convertible bond in March 2018. The nominal amount of the convertible bond remains unchanged at EUR 10.7 million as of 30 June 2020, has a five-year term until 29 March 2023 and bears interest at 3.625%. The convertible bonds are initially convertible into 357,143 new or registered common shares of Deutsche Rohstoff AG. The subscription right of shareholders was excluded.

The liabilities as of 30 June 2020 with a term of up to five years include a loan to banks in the amount of EUR 13.0 million, which relates to the company Cub Creek Energy. The loan serves to finance the ongoing oil and gas drilling activities and was concluded with BOKF N.A. The credit line, which is recalculated every six months, amounted to USD 21.0 million as of 30 June 2020, of which USD 14.5 million and EUR 13.0 million had been drawn down. The interest rate is variable, whereby the weighted average interest rate as of 30 June 2020 was 5.0%. The loan has a term until 31 May 2024.

The item "Other liabilities" amounts to EUR 8.0 million as of 30 June 2020 (previous year: EUR 8.1 million) and mainly consists of liabilities of the companies Cub Creek Energy and Elster Oil & Gas from licence obligations to landowners as well as interest liabilities of Deutsche Rohstoff AG in connection with the corporate bonds as of 30 June 2020. Other liabilities are exclusively liabilities with a remaining term of up to one year.

4.5. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

There are contingent liabilities from guarantees in the amount of EUR 805 thousand in favour of an associated company.

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

In the following, only those items are listed for which significant changes were recorded in the half-year from 1 January to 30 June 2020 compared with the previous year (1 January to 30 June 2019). Otherwise, reference is also made here to the explanations in the annual report.

5.1. REVENUE

Revenues primarily relate to drilling operations in the Wattenberg field of Cub Creek Energy and Elster Oil & Gas, as well as wells in which Bright Rock Energy and Salt Creek Oil & Gas are involved in Utah and North Dakota. Revenues from oil wells are subject to production taxes which, in accordance with the BilRUG, are deducted directly from revenues. Revenues from hedging transactions are also reported as revenues and amounted to EUR 10.1 million in the first half of the year.

5.2. OTHER OPERATING INCOME

This item mainly includes currency gains of EUR 1.1 million (previous year: EUR 0.8 million) incurred at Deutsche Rohstoff AG level, which are offset by currency losses of EUR 1.5 million, which are reported under other operating expenses.

5.3. COST OF MATERIAL

As of 30 June 2020, expenses for purchased services in the amount of EUR 6.7 million (previous year: EUR 6.0 million) are reported, which relate to production costs incurred in the producing oil wells in the USA.

5.4. AMORTIZATION AND DEPRECIATION

Depreciation of property, plant and equipment as of 30 June 2020, amounted to EUR 24.1 million (previous year: EUR 7.3 million) and EUR 13.4 million of this amount relates to scheduled depreciation of oil production facilities, which are depreciated in line with the quantities of barrels of oil equivalent produced. Due to the low oil and gas price forecasts, an impairment loss of EUR 10.7 million was recognized for Elster Oil & Gas in order to reflect the carrying amounts at their fair value.

Write-downs on financial assets and securities held as current assets amounted to EUR 7.2 million as of 30 June 2020. This item mainly comprises the impairment of EUR 6.5 million on the shares of Northern Oil & Gas Inc. in order to reflect their fair value. Under the assumption of an expected permanent impairment, the shares were now valued at USD 1.0 per share as of 30 June 2020.

5.5. OTHER OPERATING EXPENSES

In the amount of EUR 1.5 million (previous year: EUR 0.8 million), other operating expenses are attributable to currency losses incurred at the level of Deutsche Rohstoff AG and losses from the sale of securities in the amount of EUR 1.3 million in the first quarter of 2020.

5.6. INCOME TAXES

The taxes on income of EUR 5.3 million are made up of tax income for deferred taxes, EUR 2.7 million of which is in connection with the US tax refund of USD 7.5 million expected in the 2020 fiscal year and EUR 2.5 million of which was formed in connection with the unscheduled depreciation at Elster Oil & Gas.

6. OTHER NOTES

SUBSEQUENT EVENTS

No events after the balance sheet date had a material impact on the further course of business until mid-August 2020.

Mannheim, 20 August 2020

The Management Board

Dr. Thomas Gutschlag Jan-Philipp Weitz

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DISCLAIMER

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that reflect the management's current views in respect of future developments. Such statements are subject to risks and uncertainties that are beyond the ability of Deutsche Rohstoff AG (DRAG) to control or estimate precisely. Such statements may include future market conditions and economic environment, the behaviour of other market participants, the successful acquisition or sale of group companies or interests and the actions of government bodies. Should any of the above stated risks or other risks and uncertainties occur, or should the assumptions underlying any of these statements prove incorrect, then the actual results may differ significantly from those expressed or implied by such statements. DRAG neither intends nor assumes any obligation to update any forward-looking statements to reflect events or developments that take place after the date of this report.

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

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