Deutsche Rohstoff

Deutsche Rohstoff AG

ANNUAL REPORT 2012

COMMODITIES

ARE THE FUTURE.

CORPORATE BODIES

Executive Board	Dr. Titus Gebel – CEO Dr. Thomas Gutschlag – CFO
Supervisory Board	Martin Billhardt (Chairman) Prof. Dr. Gregor Borg Wolfgang Seybold

DEUTSCHE ROHSTOFF GROUP AT A GLANCE

(Annual financial statements in accordance with the German Commercial Code (HGB) / Consolidated Financial Statements)

	31 Dec 2012	31 Dec 2011
	in kEUR	in kEUR
Sales revenue	3,095	15,203
Result from ordinary activities	658	7,856
Net profit (after minority interests)	3,145	10,817
Cash and cash equivalents	12,258	9,790
Shareholders' equity	48,938	31,097
Equity ratio in %	77,1	77,5
Number of shares in thousands	5,322	4,534
Market capitalisation	66,580	64,022

SHARE DETAILS (AS OF 31 DECEMBER 2013)

Total number of shares	5,322,147
Amount of share capital	5,322,147,00 EUR

Shareholder structure

Management	20.3 %
BASF-VC	6.0 %
Other investors	73.7 %

Stock exchange trading/exchange	XETRA / Frankfurt, Berlin, Düsseldorf, Stuttgart
ISIN / WKN	DE000A0XYG76 / A0XYG7
Stock exchange segment	Entry Standard, Member of Performance-Index Top 30, DAX Int. Mid 100-Index and Rhein-Neckar-Index
Designated Sponsors	ICF Kursmakler AG Bankhaus Donner & Reuschel AG

FINANCIAL CALENDAR 2013

2012 Annual Report published	6 June 2013
Press conference on an 2012 financial statements	6 June 2013
Annual General Meeting	23 July 2013
2013 Half-year Group result published (Group interim financial report)	until 27 September 2013

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DEAR DEUTSCHE ROHSTOFF AG SHAREHOLDERS, DEAR SIR OR MADAM,

We are proud to be producing commodities since fall 2010 and therefore be playing an active role in the world's industrialization and further development. It is very satisfying to actually see the fruits of one's own work as instantly as it is the case with commodity production. Our products are highly demanded "Blockbusters" throughout the world, eliminating the need for special marketing expenditures.

Standing in an open pit of a tungsten mine or being present during an oil drilling campaign is not only exciting and interesting, but also compels our greatest respect every single time: This is where visibly hard and honest work takes place in order to extract something valuable from nature. Human ingenuity, especially with regards to the new techniques for oil production, simply strikes us sometimes. The combination of both ensures that our commodity supplies, despite population growth, do not run out and raise the global standard of living on a broad scale.

The development of commodity and capital markets again fluctuated in 2012. During the first half of the year, the positive trend that persisted since spring 2009, in both commodities and the stock market, continued. We made use of this positive sentiment by raising money in a capital increase. In April 2012, our tin subsidiary Tin International succeeded in doing so as well. As from summer, the positive sentiment started to dim. Especially the shares of young exploration companies came under considerable pressure.

In late 2011, we ceased the gold production in Australia and sold the Georgetown mine at a profit in fall 2012. Instead, Tekton Energy in the USA and Wolfram Camp Mining started producing oil and gas, and tungsten and molybdenum concentrate respectively, in the first half of 2012. Both projects have resources with far more capacities than the relatively small deposits situated around Georgetown. Tekton Energy in particular provides a sound basis for DRAG and rapid growth and high revenues in the upcoming years.

Our US colleagues at Tekton constantly delivered good news. In spring, all the vertical wells were successfully completed in only a short amount of time and started to produce oil, gas, and condensates. The new wells in the Wattenberg Field in Colorado produced 45,000 barrels of oil equivalents in 2012, almost exactly meeting all our expectations. Fortunately, oil represents by far the greatest valuable component in this mix.

We were just as pleased about the results of some competitors' horizontal wells that were constantly published especially by two very large companies operating in the Wattenberg Field. The numbers showed that horizontal wells in the Niobrara and Codell formations in Wattenberg generate extremely attractive returns. Therefore, Jerry Sommer and his Tekton team encouraged the planning of own horizontal wells successfully and at full speed since spring. Meanwhile, roughly 80 wells have been planned and almost all of them have been authorized. Tekton successfully completed its first two own horizontal wells in April 2013. They provide a basis for a substantial capital expenditure program we are planning to realize from July 2013.

Wolfram Camp Mine in Australia started regular concentrate deliveries to our off-taker Global Tungsten & Powders (GTP) in the USA in May 2012. Unfortunately the start-up phase took longer than expected. The team in Australia, led by Gus Phillips, has done an excellent job in optimizing the complex processes of mining and processing. In November 2012, WCM's Board of Directors decided on further investments to increase the plant's throughput. With success: Since March 2013 we are producing three to four tons of tungsten concentrate per day. Our off-taker GTP supported us in financing this investment as well, so we were able to increase our existing low interest loan.

Dr. Thomas Gutschlag,
CFO of Deutsche Rohstoff AG

Dr. Titus Gebel,
CEO of Deutsche Rohstoff AG

But also the development projects reported good results: Tin International and Seltenerden Storkwitz confirmed the 30-year-old resource estimates from the GDR (German Democratic Republic) era and received an expert review according to the internationally recognized Australian JORC Standard. As far as we know, these are currently the only metal deposits in Germany that have been examined according to those strict and modern resource standards. In regards to Rhein Petroleum, we achieved an additional profit and also reduced our financial obligations to a minimum. Now, the first drilling in the Rhine Valley is scheduled for summer 2013.

It has been and still is our aim to use our capital to finance those projects that profitably produce commodities. We intend to finance the development projects with the support of interested partners. We managed to make good progress thereby during the past year. We solely had to postpone the Initial Public Offering (IPO) of Tin International in Australia due to weak market conditions. However, the company has sufficient means from previous financing to continue their exploration. Rhein Petroleum and Devonian Metals have financially sound partners. Seltenerden Storkwitz was able to successfully accomplish a capital increase.

Once again in 2012, we were able to generate a positive consolidated profit of EUR 3.14 million (after minority interests) even though Tekton and Wolfram Camp had not yet contributed. The Group's total assets increased up to EUR 63.45 million. The equity leads to a sound ratio of 77.1 %. The Group's liquid assets and securities classified as current assets totaled up to 12.26 million by the end of the year.

We have set some ambitious goals for 2013. We are seeking to increase revenue and profit considerably. Further investments, especially in the US oil production, also assure high growth rates for the years to come. We are aiming at promoting our development projects further towards production to increase their value without own investments. The market value of these assets is a lot higher compared to the very low book values. In this respect, we managed to generate some hidden reserves that we are aiming to increase further. New projects that require only little expenses to set up but promise a high increase in value are being planned as well.

Executive Board and Supervisory Board are proposing a first-time dividend of EUR 0.10 per share to the Annual General Meeting. We want to make clear that it is our constant aim that the shareholders participate in the Group's success. As we intend to grow strongly, we firmly believe in considerable share-price potential. With increasing earnings we will also increase the dividend.

DRAG shareholders from the very beginning can be pleased that the share-price gained 59.77 % during the past three years. On 27 May 2010, our share closed for the first time at EUR 8.70 and on 31 May 2013 at EUR 13.90. For comparison: The DAX rose "only" by 40.5 % over the same period of time.

Commodities are the future.
Come with us.

"Glückauf!" – as the German miner's good luck call goes – from Heidelberg,

Dr. Titus Gebel
Chief Executive Officer, CEO

Dr. Thomas Gutschlag
Chief Financial Officer, CFO

BUSINESS OPERATIONS AND CORPORATE STRATEGY

Deutsche Rohstoff AG (DRAG) has the aim to establish a new German commodity producer. The production of raw materials presents a growth industry for many decades to come. The cause for this lies in China's and other emerging countries' rapid industrialization and urbanization. Due to additional consumption, the demand for raw materials of any kind has been increasing at high rates for several years now. In 2011, China inquired 11.4 % of globally consumed oil, making China the second largest consumer right after the USA. Regarding copper, China's interest in global consumption increased in the few years between 2001 and 2009 from 15 to 35 %.

DRAG is engaged in the business of producing and exploring oil and gas as well as some so-called critical metals. The Group limits its operations to countries with stable political and legal systems. At the moment, these countries include Germany, Australia, the United States, and Canada, where DRAG has subsidiaries or holds interests. The Heidelberg-based parent company controls the Group, finances the operations, makes decisions on new investments and sales, and carries out the public relations work. Qualified executives, usually engineers and geologists with long-term experience in mining, take responsibility for the on-site operational business.

As early as fall 2010, DRAG started the first own production in the mining business. As of January 2011, DRAG also took on the processing of gold and silver in Georgetown, Australia. This mine, purchased in 2009, produced 13,321 ounces of gold and 9,000 ounces of silver in the year of 2011. The mine generated a turnover of EUR 15.2 million and a result of ordinary activities of EUR 7.86 million. In fall 2012, DRAG sold the mine to an Australian company at a pay rate that equals EUR 13 million in cash. This divestment generated a profit for DRAG at the amount of EUR 4.84 million. In the course of the year 2012, DRAG started the production of tungsten and molybdenum concentrate in Australia, as well as the production of oil, gas, and gas condensates in the USA.

Apart from the proceeds from the raw material production, DRAG's business model includes the purchase, the development, and sale of commodity projects. At the beginning of 2011, the Group sold 55 % of their 80 % stake in Rhein Petroleum, Heidelberg. DRAG co-founded the company at

Titus Gebel, Jan-Philipp Weitz

The initiation of DRAG's projects start in Heidelberg.

the end of 2007. The Dutch buyer Tulip Oil paid a purchasing price of EUR 9.7 million in total, generating a profit on behalf of DRAG that amounts to EUR 7.75 million. In a second deal in September 2012, DRAG sold 15 % of Rhein Petroleum upon payment of EUR 5 million, which generated an additional profit of EUR 2 million.

Deutsche Rohstoff Group is profitable since 2011.

During the past years, the group narrowed down their activities. The company established quite a broad and diversified portfolio in its early years. As for now, there are six subsidiaries or interests and Deutsche Rohstoff AG itself finances currently only two of them (Tekton Energy and Wolfram Camp Mining). The other companies (Rhein Petroleum, Tin International, Seltenerden Storkwitz, and Devonian Metals) are either exclusively or at least to a great extent financed by the respective co-partners. The executive board wants to focus the company's activities, and especially the financing, on Tekton Energy.

Deutsche Rohstoff Group is profitable since 2011. In the same year, the group generated a net profit after minority interests equivalent to EUR 10.82 million. The net profit after minority interests in 2012 amounted to EUR 3.14 million. The decline can basically be attributed to the termination of the gold and silver production in Australia in the beginning of 2012 as well as to the launching costs for the tungsten production in Australia and the oil and gas production in the USA. DRAG expects sharply rising revenues and profits for 2013 and the following years.

At the end of 2012, the Group's equity amounted to EUR 48.94 million with total assets of EUR 63.45 million. Accounts payable to banks and other liabilities equaled EUR 11.65 million. The equity ratio was 77.1 %. The number of employees around the world added up to about 80, whereas the number of service providers and contractors acting on behalf of the Group at the same time was usually a lot higher.

PROJECT PORTFOLIO AND RESOURCE OVERVIEW

DRAG considerably modified its portfolio during the past two years. The tin and rare earth element projects in Saxony were transferred into independent companies and opened to investors via a capital increase. This led to a decrease of DRAG's stake down to 60 % in Tin International and 57 % in Seltenerden Storkwitz. The Georgetown gold mine was sold entirely. DRAG only holds a 10 % stake in Rhein Petroleum. At the same time, the stake in Tekton Energy increased from originally 57 % to 67 % so far. New introductions in 2011 were Wolfram Camp Mining and Tropical Metals at 100 % each.

Portfolio overview

Regarding Tekton and Wolfram Camp the future financing will be taken on by DRAG itself. The shareholding in Tekton and the scope of Tekton projects are expected to further increase. For the other companies, DRAG wants to continue the financing with specialized investors, which is why the DRAG stake in these projects is likely to decrease further.

DRAG constantly monitors the market in order to initiate or purchase new projects should the occasion arise.

The share in Tekton and the scope of Tekton projects are expected to further increase.

Last year, the historical resource estimates of the projects in the metals business division were fotunately confirmed according to recognized standards. Resource reports, according to the internationally recognized Australian JORC Standard, are now available for Storkwitz, Geyer, and Gottesberg. For Wrigley, there has been an update of the expert opinion according to the Canadian NI 43-101 Standard. Wolfram Camp has a number of expert opinions according to JORC Standard at its disposal. The in January 2013 newly acquired tin license area in Sadisdorf as well as the tungsten and molybdenum deposit Bamford Hill in Australia only have historical estimations at hand so far.

DRAG received first resource estimations for Tekton Energy in late May 2013.

Portfolio (as of 31 December 2012)

	Oil and Gas	Metals	
Production	**Tekton Energy** 63 % | USA | Oil and Gas	**Wolfram Camp / Tropical Metals** 100 % | Australia | Tungsten	
		Deutsche Rohstoff Australia 100 % | Australia | Gold, Silver	Sold in Sept. 2012 for AUD 16 million.
Development	**Rhein Petroleum** 10 % | Germany | Oil and Gas		
Exploration	financed by partners	**Seltenerden Storkwitz** 60 % | Germany | REE, Niob	Private investors Germany
	financed by partners	**Tin International** 60 % | Australia | Tin, Copper	Australian and Asian investors
	financed by partners	**Devonian Metals** 47 % | Canada | Zinc, Lead	Glencore

Overview of resources

Project	share 31.12.2012	Company	Commodity	Barrell	Resource Classification
Oil and Gas					
Rhine Valley and Bavaria	10 %	Rhein Petroleum	Oil and Gas	–	expected 2013 / 2014
Wattenberg	63 %	Tekton Energy	Oil equivalent[1] Oil equivalent[1] Oil equivalent[1]	1,964,191 Bbl 13,391,200 Bbl 17,344,854 Bbl	Proved, SPE-PRMS[2] Probable, SPE-PRMS[2] Possible, SPE-PRMS[2]
Metals				**Tons**	
Wolfram Camp	100 %	WCM	Tungsten Molybdenum	852,000 mtu[3] 1,700 t	Indicated – Inferred Resource, JORC[4] Indicated – Inferred Resource, JORC[4]
Gottesberg	60 %	Tin International	Tin Copper	114,000 t 38,000 t	Indicated – Inferred Resource, JORC[4] Indicated – Inferred Resource, JORC[4]
Geyer	60 %	Tin International	Tin Zinc	44,000 t 51,000 t	Indicated – Inferred Resource, JORC[4] Indicated – Inferred Resource, JORC[4]
Storkwitz	60 %	SES AG	Rare Earths Niob Rare Earths Niob	20,000 t 4,000 t 18,000 t 4,000 t	Indicated – Inferred Resource, JORC[4] D2 – D1 GDR Standard
Wrigley	47 %	Devonian	Tin / Lead	560,000 t	Indicated-Inferred Resource (NI 43-101[5])

1 *Reserves are shown in barrel oil equivalent, gas (cubic feet) is converted to barrel oil equivalent according to industrial standards with a factor of 5,600.*

2 *SPE-PRMS: Petroleum Resource Management System of the Society of Petroleum Engineers*

3 *Mtu – metric ton unit – equals 10 kg*

4 *Australian Standard for the classification of resources – Joint Ore Reserves Committee (JORC)*

5 *Canadian Standard for the classification of resources – National Instrument 43-101*

BUSINESS DIVISIONS


SMITH
PSI
PHOENIX SURVEYS, INC.

OIL AND GAS

WINDSOR / WATTENBERG, USA

Deutsche Rohstoff USA Inc. (100 % DRAG) / Tekton Energy LLC (63 % DRAG share as of 31 December 2012)

By now, Tekton Energy represents the most important shareholding for DRAG. In February 2012, Tekton completed a vertical drilling program. These new wells produced roughly 45,000 barrels of oil equivalent in 2012. The preparatory measures for horizontal wells started in mid-2012. As of 30 April 2013, DRAG holds a stake of 67 % in the company.

Deutsche Rohstoff AG, as well as the two US-Americans Jerry Sommer and Earl Norris founded Tekton Energy in January 2011. DRAG, or rather their Delaware-based 100 % subsidiary Deutsche Rohstoff USA Inc., took over 57 % of shares and the two co-founders 43 %. Jerry Sommer and Earl Norris also took over the company's management. Since the company's founding, DRAG's stake successively increased through various capital increases. In the meantime, four additional parties, directors, and new employees of Tekton acquired smaller shares at a total of 2.98 %.

The two co-founders are very well experienced in the oil and gas industry and especially in the application of technologies that have been developed in line with the exploitation of shale gas resources in the USA. Tekton's business idea was to lease areas where those technologies could be applied in an outstandingly profitable way.

Jerry Sommer, CEO Tekton Energy

Tekton started the drilling of the nine planned vertical wells in February 2012.

In July 2011, Tekton started negotiations with the owner of a property of a size of approximately eight square kilometers (1,900 acres) in the very northwest of the so-called Wattenberg Field. These fields are located in the Denver region in Colorado, partially belonging to the area around the small town of Windsor. The negotiations were successfully completed in October 2011 with the result of Tekton purchasing a permit to have the right to explore and exploit the gas and oil deposits in this territory of the Wattenberg Field.

Tekton started drilling of the nine planned vertical wells in February 2012. The drilling

Jerry Sommer

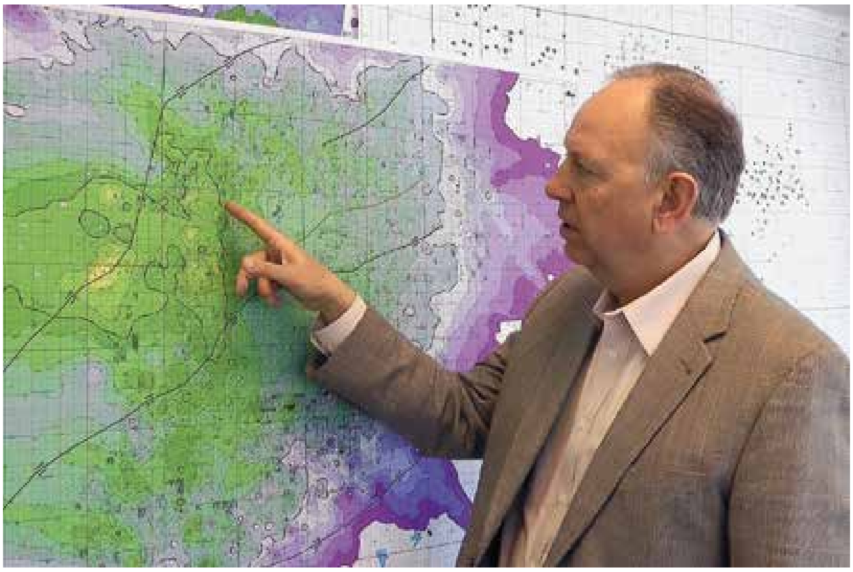
Oil engineer, President & CEO of Tekton Energy, has been active in the US oil business for 30 years. Took part in the shale gas and shale oil revolution since its beginnings and is active in this field ever since. Substantial experience in establishment, management, and leadership of new oil companies. Founded Tekton Energy in cooperation with Deutsche Rohstoff AG.

program scheduled three wells from three different well sites (Rancho, Pavistma, Frye Farms) at the outskirts of the licensed area. The actual aim of the drilling was to prove the reserves in the areas at the edge of the Wattenberg Field and to subsequently sell this territory at a profit if possible. All wells were completed by May 2012 and all of them discovered and exploited the expected daily rates. In April 2012, the production from the first three wells started, the next three followed in June, and the last three started to produce in August 2012. The total investments in vertical wells, including test productions and the purchase of the area, amounted to roughly USD 6.85 million. Tekton's share in the wells totals approximately 61 %. The remaining shares are allocated to various neighboring holders of oil and gas licenses where the drilling partially took place in their territories. The so called working interests are calculated according to specific formulas. These third

Earl Norris

Oil Geologist and Vice President of exploration for Tekton Energy, Decades of experience in the oil and gas business, approved expert for shale gas and shale oil formations. Qualified expert for US onshore deposits, already worked together with Jerry Sommer in the past.

Earl Norris, VP Exploration Tekton Energy



parties also have to participate in investment and ongoing expenses according to their working interest.

During the entire year 2012, the vertical wells produced approximately 45,000 barrels of oil equivalent. Tekton's turnover totaled about USD 1.42 million. Just as planned when founding Tekton, the concept of proving the reserves has already resulted in first offers of potential buyers far above the invested amount.

During the entire year of 2012, the vertical wells produced approximately 45,000 barrels of oil equivalent.

However, during the course of 2011 but especially in 2012, the situation of the two largest operating companies in the Wattenberg Field, Anadarko Petroleum and Noble Energy, changed. They started to publish results from horizontal wells they had tested in two geological formations, the so-called Niobrara and Codell formations. With the combination of 3D seismic, horizontal wells, and hydraulic fracturing, the two companies managed to achieve extraordinary results, exceeding former production rates considerably. Anadarko Petroleum for instance reported as early as November 2011, to have an average reserve of 350,00 barrels of oil equivalent per horizontal well and to have earned the investment costs after only 10 months. Anadarko currently publishes the present value per well at approximately 6.7 million. Investment costs per well amount to approximately USD 4–4.5 million.

In the meantime, results of dozens of additional horizontal (HZ)-wells were confirmed. In February 2013, Anadarko reported that the company was planning to invest more than USD 1 billion in Wattenberg HZ-wells in 2013. In a press release, dated 13 February 2013, the company announced to be generating 100 % and more returns with HZ-drillings at current oil prices.

Due to the positive announcements, the management of Tekton together with DRAG, started to assess in spring 2012 whether the potential for horizontal drilling was given on their own acreage. Analyses showed the potential for drilling a large number of HZ-wells. In order receive more confidence, Tekton started to conduct a so-called 3D seismic survey. This method helps to create a structural map of the sub-surface. This is particularly helpful to spot faults that would negatively affect the drilling of HZ-wells. The result was, however, that the Tekton area has only minor faults that hardly impede or even hinder the planned drilling.

Analyses showed the potential for drilling a large number of HZ-wells.

Preparation of a drilling of Tekton Energy in Colorado

In fall 2012, Tekton management revised the plan for drilling horizontal wells once again, because in the meantime, competitors published detailed data on ideal spacing between the single HZ-wells. According to those experiences, many more wells per square mile can be drilled than originally intended. For Tekton, this meant the possibility to drill about 80 "gross" horizontal wells in which some neighboring parties are involved. If the neighboring shares are subtracted, the wells owned to 100 % by Tekton equal 60 "net" horizontal wells. Based on the positive seismic results, the Tekton management also started began permitting additional drill sites and approximately

Tekton’s drilling in the Wattenberg field

80 more wells. By the end of April 2013, 73 permits had been given by the local authorities of the state of Colorado. In February 2013, Tekton commenced the drillingof the first two horizontal wells from the Rancho pad. These two wells were completed within the given time frame of 4 weeks and also within the total budget of USD 9 million. The two wells were completed during April 2013 and both of them were successful. The production started in mid-April.

FACTS ABOUT FRACKING IN COLORADO

Are we facing an energy revolution?

It is definitely fair to say so. The development of shale gas and shale oil, using a combination of fracking, horizontal drilling, and 3D seismic as well as of the creativity and persistence of medium-seized US oil contractors has changed the global energy landscape within only a few years after its introduction. The USA have become independent of gas imports and are trying to achieve the same for the oil sector. Hundreds of thousands of jobs have been created, reduced the dependence on dubious regimens, heavy industries have returned due to the sharply decreased gas prices and create an additional boost, gas increasingly replaces coal for energy production and therefore improves pollutant values. In the end, easily accessible and cheap energy is the basis of every industrial society, which makes it the key to everything: productivity, growth, an increase in the quality of life including the "being-able-to-afford" of improved environmental protection.

Market economy and an inventive mind accomplished something in the USA that the self-appointed model countries in terms of energy transition have, so far, not managed to achieve: the increased availability of energy by decreasing prices and CO_2 emissions at the same time!

How does fracking actually work?

Fracking (actually: hydraulic fracturing) is the process of drilling and injecting fluid into deep geological rock layers at high pressure in order to fracture shale rocks. Via these fractures, inner natural gas and oil will then flow to the well for exploitation. Fracking fluid mainly contains water, apart from proppants such as sand or ceramic proppants to keep the hydraulic fracture open. Otherwise the cracks would close again quickly, due to the exerted pressure of 2000 – 3000 meters of rock formation.

Is fracking a new and hardly tested method?

No, that is not the case. Hydraulic fracturing was first tested in the USA in 1947 and was patented in the following year. Until recently, the method was used to re-stimulate "conventional" vertical wells at the end of their life span where oil and gas were flowing into wells on their own. Many wells have been fracked several times. So far, approximately 1.5 million wells have been fracked in the USA and due to multiple frackings the total number of fracks amounts to 2.5 million. About 85–90 % of all wells in the United States have been subject to fracking. Therefore, fracking is a decades-old standard method in the oil and gas industry that, despite its large-scale operations, has never concerned the general public.

Starting with the combination of fracking with the new technologies of horizontal wells a few years back, dense rock formations known as "unconventional" deposits could be exploited for the first time. These include the Niobrara and Codell formations in the Wattenberg Field where we produce. In contrast to conventional deposits, these wells have to be fracked immediately in order to operate economically.

Does fracking affect the groundwater?

The main reason why fracking cannot affect the ground water is the following: The groundwater aquifer in Colorado (and elsewhere) lies at a maximum of a few hundred meters below the ground surface, the deepest well drilling for water is 300 meters deep. Fracking takes place in a depth of 2000 – 3000 meters and the fracks itself have a maximum vertical expenditure of approximately 300 meters, which has been confirmed by micro-seismic surveys in Colorado (see figure). In between, there are more than 1000 meters of dense rock formations. The known impairs of local geology are not permeable either and therefore the groundwater is not affected. In view of the above, it is impossible that fracking may cause cracks that reach up to the groundwater.

The applied fracking fluids are partially reused (app. 30 – 40 % of its total), the rest remains in the deposit. The captured fracking fluid is either stored in special injection wells several thousand meters below the ground surface, monitored by the environmental authority, or it is processed for reuse in preparation plants.

Since the 1970s, approximately 17,000 wells have been fracked in the Wattenberg Field. There has not been a single case where fracking fluids leaked through cracks or impairments into the groundwater or where groundwater pollution occurred due to fracking.

How high is the water consumption?

For fracking a typical Wattenberg horizontal well of 1.5 kilometers length, about 8,000 cubic meters of water are needed. The water is purchased from local owners of the water rights, usually farmers. Despite high fracking activities in Colorado, the effect on water consumption is only marginal. The current water demand for fracking in Colorado equals 0.1 % of the national overall water consumption (in comparison: agriculture: 85 %, industry and urban water supply: 7 %, leisure industry: 6 %).

Why are chemicals used at all?

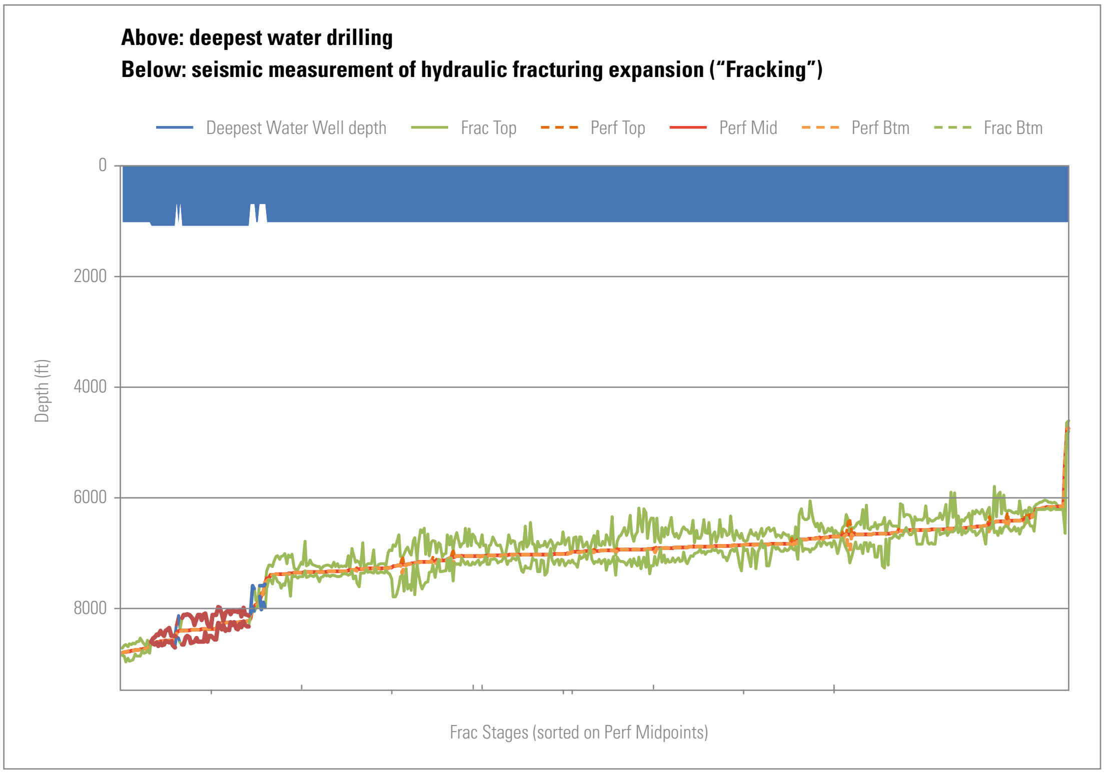
The fracking fluid contains proppants such as sand or ceramic beads that are used to keep the cracks open. Into the very fine cracks the proppants can enter only if the liquid is transformed and a gel is created (by the addition of guar gum), which transports them. Afterwards the gel must again be dissolved so it does not block the transport way itself. In addition, biocides are used, to avoid clogging of the cracks by bacteria.

Are the chemicals dangerous?

Fracking chemicals are usually standard substances that are also used in the food industry or in homes in cleaning and disinfection solutions. In our case, these substances only equal 0.3 % of the entire fracking fluid and the rest is made up of water and sand. There are detailed handling regulations for some of the chemicals in order to eliminate the risks to human health and the environment. These regulations are known as MSDS (Material Safety Data Sheets). A detailed overview of the substances used in Colorado can be consulted on the FAQ site of the official state website of the Colorado Oil and Gas Conservation Commission (COGCC): http://tinyurl.com/oquj2sv

The applied chemical additives are constantly being optimized. The service provider Halliburton has already developed a test version that works with additives solely from the food industry and could be

Depth comparison of groundwater zone and fracking zone with vertical frack expansion in Colorado (1000 feet = 305 meters)



drunk without causing any health concerns: http://tinyurl.com/aahxqxs

Can fracking cause earthquakes?

Fracking generates cracks at lengths of only a few meters, energetically below tactility by the factor of 1000. Fracking could only lead to quakes in tectonically influenced areas at an exceptional coincidence of special individual circumstances. Those rare situations can, however, be detected in their early stages with micro-seismic monitoring so the fracking process can be adapted accordingly to defuse the situation. The Colorado Geological Survey, the Colorado School of Mines, and the University of Denver have extensive data on the seismic situation on Colorado at hand, which is regularly consulted by the COGCC for licensing procedures. There is no known case where any of the 17,000 hydraulic fracturings in the Wattenberg Field induced an earthquake.

Is fracking the cause of burning water taps?

The documentary "Gasland" claims this, which eventually resulted in many protests against this well-established and proven technology. In the interim, the author of the film had to confirm that the shown burning water taps have nothing to do with fracking, but instead are the result of natural methane near the groundwater. Due to the reasons mentioned earlier, it is impossible that fracking, which takes place several thousand meters below the surface, may leak gas into the groundwater close to the surface that is eventually released via domestic water taps. As the scenes showed in the film were set in Colorado, the state's COGCC published a ratification concerning the false allegations: http://tinyurl.com/ckqxatp

What are the dangers of an accident with fracking fluids on the surface?

Accidents with fracking fluids may occur for instance, if there is a leakage on a pipeline or container or if a tank truck has an accident. As this may, however, also occur during conventional development of oil, the industry is prepared for such situations. The equipment used for fracking underlies strict pressure controls (also to quickly spot uncontrolled leakages), the well site is equipped with collecting facilities for leakages, and all the applied chemicals have to be stored in specially lined pits.

In case a leakage occurs anyway, the contaminated soil will be removed. Afterwards, the measuring device for groundwater will indicate whether the contamination has been eliminated completely or if further soil removal is required. These kinds of accidents may happen from time to time but the consequences can usually be eliminated quickly.

Is it true that fracking is fairly uncontrolled in the USA and that companies can basically do whatever they want?

Definitely not. The national regulations are extensive; they cover the full aspects on exploration and development of natural oil and gas, starting with drilling permits for the development up to the termination of a development operation. The COGCC is primarily responsible for this. As long as the exploration or production of natural oil and gas takes place within authority borders, the state of Colorado has given the authorities competence to norm local issues such as noise, traffic, and country planning. If drilling is planned within a municipality, apart from the drilling license by COGCC, an additional permit for the mentioned issues has to be requested from the authorities. Some of the aspects in the natural oil and gas industry are dealt with by the US Government itself, including occupational safety, the protection of air and water, as well as waste disposal.

For Colorado, having rather strict regulations compared to other states in the USA, the following special conditions for fracking according to COGCC apply:

· there has to be an inventory list of applied chemicals for each well site;

· the operation of fracking measures has to be disclosed, specifying the respective area and specifics of each drilling;

· the property owner has to be informed in advance if a fracking measure is intended. Furthermore, fracking measures have to be reported to the COGCC in written form, at least 48 hours in advance. The COGCC electronically informs the locally appointed government official about the matter immediately;

· special requirements regarding casing and cementation of the source serve to protect the ground water; the observance of the regulations has to be documented adequately (with so-called "Cement Bond Logs");

· minimum distances and security measures nearby surface waters and inflows as long as they serve as public drinking water supplies;

· the operator is obliged to monitor the pressure of a source during well treatments;

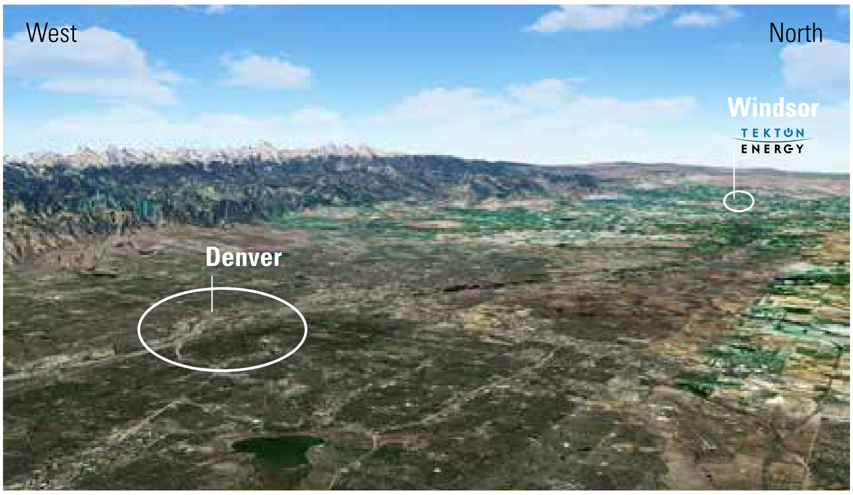
· Need of special well permits, requirements regarding inspections, supervision, and material safety data sheets.

http://tinyurl.com/oetqck3

What do the people in Colorado think about fracking?

There are numerous debates on fracking in Colorado as well. As the oil and gas industry plays a major role in everyday life and in the creation of economic value in Colorado, the related questions haven been dwelled upon a lot more and also more intensively than it has been the case in Europe so far. This is also visible on the corresponding website of the COGCC, offering lots of information on the topic: http://tinyurl.com/pbzltm2

Generally, the people of Colorado can mostly be convinced of the controllability and environmental compatibility of the fracking technologies, especially because the opponents' arguments regarding environmental degradation of the oil and gas industry basically never apply to fracking. Even the representative of the environmentalists used the following words in the closing statement at the Denver Frac Conference in November 2011: "We picked the wrong issues." Only two out of all the communities in Colorado pronounced against fracking. The city of Windsor, where we are operating, supports our actions. There is a constant and open exchange on the matter with the city representatives as well as with the property owners and neighbors. The democratic governor of Colorado, John Hickenlooper, is well known in the US as a committed proponent of fracking technologies, especially because he is a trained geologist and can therefore very well estimate risks and prospects. His credo: "Inexpensive natural gas is the best opportunity we have to transition to a greener economy."



Tekton's project areas are located around the town of Windsor in Colorado.

RHINE VALLEY AND BAVARIAN MOLASSE, GERMANY

Rhein Petroleum GmbH (10 % DRAG)

Through a further partial sale, DRAG reduced its stake in Rhein Petroleum from 25 % to 10 % in September 2012. The year 2012 was characterized by extensive 3D-seismics and the evaluation thereof.

In September 2012, Deutsche Rohstoff AG sold an additional 15 % of their 25 % stake in Rhein Petroleum GmbH to Tulip Oil Holding in The Hague. Tulip holds 90 % of the shares ever since, Deutsche Rohstoff AG 10 %.

Tulip Oil is an exploration and production company with the aim of redevelopment and new development of mid-European fields. These are conventional deposits that do not need fracking for stimulation. Its management consists of former Shell managers with decades-long experience in the international oil and gas industry.

This sale generated DRAG a total profit of EUR 2 million in the year of 2012, most of which could be collected tax-free. On top of the payment, Tulip and DRAG agreed that up to a total investment amount of EUR 40 million, Tulip takes over 75 % of DRAG's share of investments, which equals EUR

Vibro truck at the 3D-seismic of Rhein Petroleum

3 million. DRAG has to cover a maximum financing share of EUR 1 million. The "carry" of EUR 3 million at the maximum will be paid back from DRAG's profit share or possible sales revenues of their share. After 2021, the claim for repayment forfeits.

Detailed surveys of the 3D-seismic allow a "view into the underground"

The year of 2012 was still characterized by extensive 3D seismic surveys.

The year of 2012 was still characterized by extensive 3D seismic surveys in the license areas of the Rhine Valley. With over 760 square kilometers, this was the largest cohesive seismic onshore program in Europe for the past ten years. For those seismic surveys, Rhein Petroleum chose areas including familiar depleted fields or fields with structures promising new discoveries.

From September until November 2011, Rhein Petroleum completed 3D seismic surveys in the Bavarian license areas "Mindelheim" and "Rieden". These were followed by "Nördlicher Oberrhein" (Northern Upper Rhine), which is located in Hesse. The surveys in the Baden license areas "Karlsruhe-Leopoldshafen" and "Graben-Neudorf" began in January 2012 and were completed at the beginning of May. In fall 2012, Rhein Petroleum conducted an additional smaller seismic survey of about 75 square kilometers in the license area "Heidelberg-Weinheim".

The results of the seismic surveys were evaluated throughout the year of 2012. Based on the interpretation of the evaluation, a drilling program was established by Rhein Petroleum specialists. First drillings are scheduled for summer 2013.


EWM

METALS

WOLFRAM CAMP AND BAMFORD HILL, AUSTRALIA

Wolfram Camp Mining Pty. Ltd. and
Tropical Metals Pty. Ltd.
(both 100 % DRAG)

Wolfram Camp Mining regularly produces and sells tungsten and molybdenum concentrate since May 2012. For 2013, DRAG expects a strong sales increase due to considerable growth in production.

Graeme Collins, Operating Manager of Wolfram Camp and Darcy Milburn, Leading Geologist

In May 2011, Deutsche Rohstoff AG took over 100 % of Wolfram Camp Mine, which in turn owned 85 % of the decommissioned Wolfram Camp mine in Queensland, Australia. In September and December 2011, DRAG acquired 100 % of Tropical Metals, who held the remaining 15 % of Wolfram Camp and 100 % of the adjacent tungsten deposit Bamford Hill. Since then, DRAG holds 100 % of Wolfram Camp and Bamford Hill. DRAG paid AUD 8 million, which equals approximately EUR 5.9 million for both acquisitions, half of it in form of DRAG shares.

In the case of Wolfram Camp, DRAG took over an established open pit mine, a tailings pond, a treatment plant, and other infrastructure necessary for the operation

Darcy Milburn

Exploration Geologist with over 25 years of experience in the Australian mining industry. Certified to provide resource estimates according to the JORC Standard for numerous metallic deposits. In addition to his geological activities at Wolfram Camp and Bamford Hill, he audits and validates possible new projects for DRAG.

Processing Plant of Wolfram Camp , Queensland, Australia

Graeme Collins

Mining Engineer and Operating Manager of Wolfram Camp Mine. Worked in the Australian metals mining sector for over 30 years, both above and below ground. Has operational experience in all areas that arise in a mining operation. Directs the entire operations in Wolfram Camp.

of a mine. In addition, Wolfram Camp holds large license areas that, based on previous and current exploration, are expected to host further tungsten (W) and molybdenum (Mo) deposits. Furthermore, Bamford Hill has historic tungsten and molybdenum resources, also large prospective areas, and additional shafts that were already build in the 1980s. The area around Wolfram Camp has a long tradition of tungsten mining. Since the 1890s, an intensive mining activity has been documented. After the takeover by DRAG in May 2011, it was the aim to start mining production as fast as possible. By fall 2011, the team around Gus Phillips repaired and refurbished the processing plant and tailings pond to prepare for the start of mining operations. In October 2011, DRAG entered into an agreement with global Tungsten & Powders (GTP), an American company that belongs to the Austrian Plansee Group and processes tungsten concentrate from mines in a plant in Pennsylvania, USA. Within the scope of a five-year-contract, GTP takes off 100 % of production.

Wolfram Camp started a small operation for the production of concentrate in December 2011. In March 2012, WCM sent a first shipment to the customer. In the course of 2012, a continuous optimization of mining and processing was necessary due to relatively large dilution of ore in the open pit mining process previous to treatment in the processing plant. At this time, production was between one and two tons per day. In December 2012, a major upgrade of the processing plant was started, resulting in a much higher throughput (49 instead of 29 tons per hour). WCM simultaneously invested in various machines, including a high-tech X-ray sorter from Germany to achieve a better pre-concentration of the ore. Since March 2013, the plant with the higher throughput is operating and produces between three and four tons of tungsten concentrate per day.

Since March 2013, the plant with the higher throughput is operating and produces between three and four tons of tungsten concentrate per day.

The price for this tungsten concentrate in Europe declined to approximately USD 280/mtu at the end of 2012, which was mainly due to the recession. Its peak price in 2011 was at USD 460/mtu. The price collapse forced WCM to reduce production in order to lower the costs. Since February 2013, the price is rising again. It was at USD 355/mtu at the end of April.

Since February 2013, DRAG and GTP agreed on a slightly revised purchasing agreement. Simultaneously, GTP adopted an additional loan guarantee. Bank Austria increased DRAG's credit line by USD 4.85 million to USD 11 million and its duration was extended until the end of 2016.

In the meantime, the management of WCM established a concept for additional underground mining as well as further measures to increase the throughput of the processing plant. In December 2012 and January 2013, WCM conducted exploration drilling and geophysical surveys at Wolfram Camp and Bamford Hill, which presented significant additional potential.

Deutsche Rohstoff AG has the aim to profitably operate Wolfram Camp and to further increase the life of mine through continuous explorations. In the medium term, DRAG expects persisting high prices for tungsten and continuously increasing demand.

Gus Phillips

Operations Manager or General Manager of Australian mining projects for many years. Joined DRAG as manager of the Georgetown Goldmine, successfully leading it to production. As a consequence, promotion to CEO of Deutsche Rohstoff Australia, later to CEO of Wolfram Camp Mining.

Gus Phililips, CEO Wolfram Camp Mining, in the open pit

GOTTESBERG AND GEYER, GERMANY

Tin International Pty. Ltd. (60 % DRAG)

DRAG has outsourced its tin activities to Tin International (TIN) in Sydney, Australia. The company serves as the financing parent company for operations in Saxony, which are handled by the TIN subsidiary Sachsenzinn GmbH (SZ). TIN holds licenses with verified resources in the Erzgebirge (Ore Mountains). Combined, they are among the world's largest undeveloped tin resources. So far, investors from Australia and Asia have funded the explorations.

Kerry Heywood

Mining Engineer and CEO of Tin International in Sydney. Decades-long experience in the development and start of production of deposits all around the world, management of market-listed exploration companies in Australia. Extensive experience as mining appraiser for investors.

As early as half way through 2007, DRAG received the first licenses in Saxony. These were, among others, for Gottesberg in Vogtland and Geyer in the Central Ore Mountains. Both tin resources had been intensively explored in GDR times. Due to their historic estimates, DRAG management considered these areas as promising. Therefore, development of the two resources was being promoted after licensing. First of all, the focus was on data collection and evaluation.

After the beginning of the acute phase of the financial crisis in September 2008, almost all commodity prices, including tin prices, reached a long-term low. Back then, DRAG decided to only focus on projects that were to expect to produce relatively short-term returns. Tin projects were therefore postponed for the time being. At the end of 2010 and during the first half of 2011, tin prices and financing conditions for exploration companies had recovered, so DRAG management saw the opportunity to find investors for future development of the projects in Saxony.

In July 2011, DRAG requested to transfer the two licenses to Sachsenzinn which was founded for this reason. Afterwards, 100 % of the stake was sold to the newly established Tin International, with DRAG also taking over the majority stake. In September 2011, TIN accomplished a very successful capital increase that generated roughly EUR 3 million. Most of the funds came from investors from Australia and Asia.

In Winter 2011/2012, a drilling program on the two license areas was conducted. Its aim was to confirm the historic resource estimates and to create a resource esti-

Dr. Jörg Reichert

Deposit Geologist, CEO of Sachsenzinn GmbH and Managing Geologist of DRAG, based in Chemnitz. Long-term experience in the leadership of exploration programs, validation of commodity projects, and geological support in active commodity production. Works for DRAG since 2007.

mate according to the Australian JORC Standard. Both programs were successful. In May 2012, the results of the TIN JORC study were published. In April 2012, TIN finalized an additional capital increase, which generated EUR 2.2 million. The two capital increases reduced DRAG's stake in TIN to approximately 60 %.

The further development of the two license areas is supposed to lead towards a feasibility study. Given the results of the study are positive, the construction of a mine could start, followed by mining operations and the marketing of tin concentrates. In order to prepare a feasibility study, several sub-projects need to be processed, including further refinement of the resource and an upgrade to the reserves category, test treatments, and environmental impact studies.

The shareholders of TIN intend to continue the company's financing through an IPO on the Australian ASX. The IPO is scheduled to take place as soon as the conditions appear to be favorable for such a measure. Currently, the company has sufficient cash resources to fund further sub-projects towards a feasibility study.

Drilling pad of Tin International in Geyer, Saxony

Exploratory drilling in Storkwitz

STORKWITZ / DELITZSCH, GERMANY

Seltenerden Storkwitz AG
(60 % DRAG as of 31 December 2012)

Seltenerden Storkwitz AG (SES) was founded by DRAG in late 2011. The company explores and develops the only known rare earth deposit in Central Europe. Financing is not provided by DRAG, but by investors that have so far provided roughly EUR 3 million in two capital increases. In January 2013, SES received a resource classification according to the JORC Standard.

DRAG received the license for the Storkwitz area in September 2007. Similar to the tin projects, DRAG stopped the development in fall 2008 due to the difficult situation on the market. In late 2011, DRAG founded Seltenerden Storkwitz. The Saxon mining authorities agreed on the license transferal from DRAG to SES in January 2012.

The Storkwitz deposit was discovered during uranium exploration activities in the 1970s. This totally unexpected discovery was regarded a sensation back then, since there have never been found any comparable rare earth deposits in Germany. In total 29 wells were drilled, five of which defined the ore body of the area. It contains light rare earth elements (REE) such as cerium, lanthanum, praseodymium, and neodymium but also significant proportions of heavy rare earths such as europium and yttrium.

Bernhard Giessel

Business economist and Executive Board member of Seltenerden Storkwitz AG in Chemnitz. Industrial manager for many years and consultant with international management experience. Special expertise in establishment and development of start-ups and spin-offs.

At the end of April 2012, SES started a drilling program to convert the deposit into an internationally approved resource according to the Australian JORC Standard. The extension of the deposit towards deeper layers are planned to be further explored as a subsequent measure. Previous exploration activities assumed significant potential for such extensions. The Soviet-German urani-

Drilling core of Seltenerden Storkwitz AG

um company SDAG Wismut first discovered Storkwitz in 1975 and estimated a possible resource of SEE of up to 136,000 tons.

SES is planning an IPO in the Entry Standard on the Frankfurt Stock Exchange in the course of 2013.

Apart from converting the GDR classification into JORC Standard, the recovery of material that resulted from the drilling program was of major importance. In close cooperation with industrial and academic research, SES is working to develop new efficient and environmentally friendly methods for the production and refinement of rare earths. SES is planning an additional IPO in the Entry Standard on the Frankfurt Stock Exchange in the course of 2013. This IPO is going to raise enough funds to further develop the Storkwitz deposit and to push further technological developments for the treatment of SEE.

WRIGLEY, CANADA

Devonian Metals Inc. (47 % DRAG)

Devonian Metals (DM) holds a share of 47 % in the MacKenzie Mountain Metals Inc. (MMMI), which is a joint venture between Devonian and Alapa Resources, a subsidiary of Glencore International. MMMI develops a zinc-lead-silver deposit in Wrigley, located in the Canadian Northwest Territories.

Within the scope of a contract agreed on in 2010, Glencore invested CAD 6.5 million in the exploration of the project and therewith acquired its stake in the joint venture.

In June 2012, Devonian published an updated report in accordance with NI 43-101, the Canadian classification standard for estimating resources.

The appraiser estimated the resource at approximately 9.5 million tons containing 6 % zinc/lead. In comparison to the last report, the resource was almost doubled. During last summer, exploration efforts focused on geophysical, geochemical, and metallurgical surveys. A number of new drilling targets and prospective areas were identified.

As the project does not belong to the core projects of DRAG, a sale is currently under consideration.

The drillings in Wrigley were financed by Glencore.

INVESTOR & PUBLIC RELATIONS

Deutsche Rohstoff AG aims to provide investors, analysts, and the general public with comprehensive and up-to-date information about the company and the specific projects. The Entry Standard stipulates the mandatory publications of half-year reports, annual financial statements, financial calendars, and "ad-hoc" reports. Furthermore, interested parties will find all current reports about Deutsche Rohstoff AG on their website at www.rohstoff.de. DRAG's Facebook page offers new information about all projects, together with photos, event notifications, and important links on an almost daily basis. By now, DRAG has acquired several hundred Facebook-friends who use this opportunity to inform themselves about the global projects. For many shareholders, this represents a real alternative to communicate directly with the company. DRAG also presents various activities of their subsidiaries in video format on YouTube. This provides an excellent opportunity for shareholders and other interested parties to follow latest developments of DRAG's global projects. The videos are very well accepted and have been viewed over 27,000 times by now. Especially the "Corporate Video", which is available in German and in English, provides a concise overview of the activities in the divisions of "Oil and Gas" as well as "Metals".

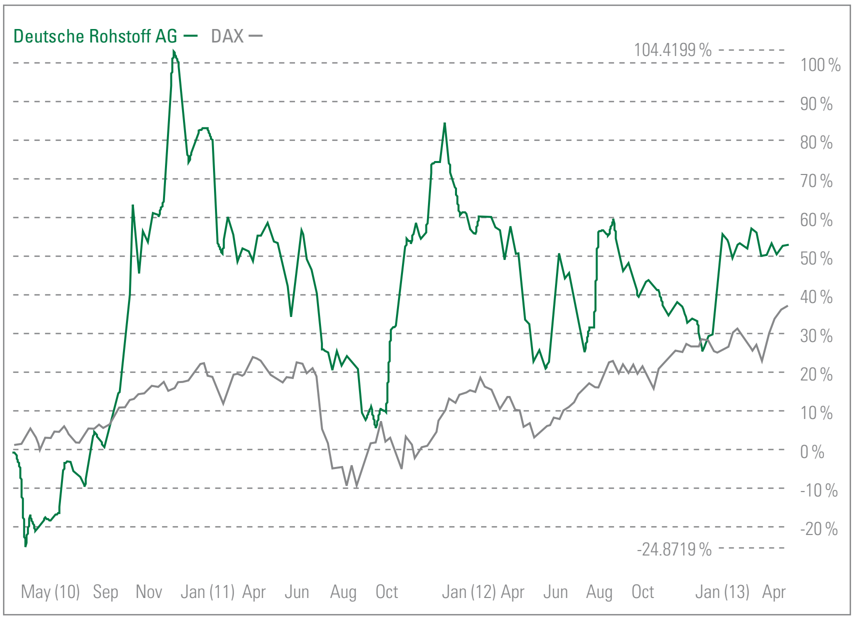
The primary focus of DRAG's IR and PR work in 2012 was on their activities in Germany and the USA. The progressions of Seltenerden Storkwitz in relation to the appraisal wells are extensively documented in a new corporate video on YouTube. Considering the increasing importance of Tekton Energy for the Group, the company was broadly presented on both YouTube and Facebook in 2012. DRAG currently displays photos and video material on those two online platforms to inform about the first two horizontal wells of Tekton Energy.

Analyst Coverage

Analyst reports are an important instrument for providing both investors and the media with independent information on the business performance of a market-listed company. Since 2012, First Berlin, a company headquartered in Berlin, not associated with the banking sector, as well as the Landesbank Baden-Württemberg (LBBW) based in Stuttgart, are analyzing the Group..

The reports are directly sent to investors but are also available through German finance portals on the Internet. They are aimed at both German and English speaking private and institutional investors. Our aim is to attract further analysts that wish to report about DRAG and the performance of the share.

www.youtube.com/user/DeutscheRohstoffAG



Share performance of Deutsche Rohstoff share since IPO

Share Trading

Since our shares started trading on 27 March 2010, DRAG shares have been included in the "Entry Standard" segment of the Frankfurt Stock Exchange with the security identification number: A0XYG7 and ISIN: DE000A0XYG76. The stock exchange code is: DR0. Since the beginning of 2011, the share has been listed under "Entry Standard Performance Index TOP 30" and are now also included in the "DAX International Mid 100" as well as in the local "Rhein-Neckar-Index".

Share Performance and Turnover

The share quickly rose from EUR 15.10 (XETRA closing price) at the beginning of 2012 towards its annual high of EUR 16.73 on 27 January 2012. Within a reverse trend the price fell to an annual low of EUR 10.52 on 13 June 2012. In the second half of 2012 the share price fluctuated between approximately EUR 12.00 and EUR 14.00. The year end closing price in 2012 was at EUR 12.50. The average share price (arithmetic mean) of 2012 was at EUR 13.47, which is exactly the average share price of 2011.

The average daily trading volume for shares traded on the XETRA trading system increased again to 9,763 shares in 2012 (2011: 9,202 shares). During the financial year of 2011, a total of 2,479,810 shares were traded on the XETRA trading system. This equals approximately 50 % of the company's average share capital. The number of shareholders rose up to 5,000 until the end of 2012.

Annual General Meeting and Analyst Conferences

The second Annual General Meeting as a public company was held on 25 July 2012 in the Stadthalle in Heidelberg. Approximately 270 shareholders attended the meeting. All proposals by the management were passed with a large majority.

Furthermore, DRAG attended various capital market conferences. Especially before and during the capital increase in February 2012, the company organized extensive presentations for domestic and foreign investors in several German cities as well as in Luxemburg, London, Zurich, and Vienna.

The next Annual General Meeting will take place on 23 July 2013, again at the Stadthalle in Heidelberg.

Shareholder Structure and Capital Increases

The company's share capital, which currently amounts to EUR 5,322,147, is divided into the same number of registered shares. The management holds 20.3 %, BASF-VC 6 % and further institutional and private investors 73.7 %. In mid-April 2013, about 5,500 shareholders were registered in the DRAG share register, which equals an increase of approximately 22 % within the past 12 months.

There have been two additional capital increases since early 2012:

Within the scope of a real capital increase, the share capital was initially increased from EUR 27,721 to EUR 4,561,841 as of 31 January 2012 in order to purchase the entire Wolfram Camp Mine in Australia.

On 7 March 2012, the share capital was increased by an additional EUR 760,306 in line with a capital increase with shareholders' subscription rights. The purchase price per share amounted to EUR 14.20. During the course of the capital increase, a gross amount of EUR 10.8 million flowed into the company. This was primarily used to finance the drilling program and oil production by Tekton Energy in the USA and to expand the tungsten production in Australia.

With an average number of 4,951,000 individual shares in 2012, the profit per share amounted to EUR 0.46 on the basis of the net consolidated profit for 2012.

Lenders

In late 2012, DRAG had taken on a loan with a major European bank that amounted to EUR 4,85 million for the purpose of financing the preparation and expansion of the operations at Wolfram Camp. In February 2013, the loan was increased by EUR 2.4 million. The term of the loan runs until the end of 2016 and is being repaid from 2013 until the end of 2016. Furthermore, DRAG was given a loan by a private lender at the beginning of 2012, which amounts to EUR 2 million.

Admission at the Annual General Meeting 2012 at the Stadthalle Heidelberg

Press Review

During the course of 2012, various print and online media reported about DRAGs domestic and foreign business activities. Even TV channels like the German ZDF or MDR have yet again reported on our projects, especially the ones in Germany.

Apart from the local newspaper "Rhein-Neckar-Zeitung", also the German "SPIEGEL Online", the German newspaper "FAZ", and the Australian newspaper "Cairns Post" reported on DRAGs projects. On behalf of the financial press, the German financial paper "Der Aktionär" and the magazine "Smart Investor" presented the DRAG Group to their individual readership.

Erdöl im Südwesten
Das schwarze Gold soll wieder sprudeln

Der Berg ruft wieder

Rohstoff AG denkt an Dividende
Hauptversammlung in Heidelberg

Regionalen Schätzen auf der Spur

SELTENE ERDEN
Erste Bohrungen auf Milliarden-Acker geplant

In Leipzig wird nach seltenen Erden gebohrt

Deutsche Rohstoff AG - Mittel- und langfristig gute Aussichten!

Viel Zinn liegt unter Sachsen

In Sachsen auf der Suche nach Seltenen Erden

Verborgener Zinnschatz im Erzgebirge

Ölsucher lassen den Boden vibrieren

Wirtschaft
Die Schätze von Storkwitz

Erkundung der sächsischen Zinnvorkommen geht weiter

AKTIEN IM BLICK 2-Deutsche Rohstoff AG beschleunigt Aufstieg

Ein Rohstoffzwerg wächst

Mit Seltenen Erden an die Börse

11:22
Seltene Erden in Sachsen - Konkurrenz für Weltmarktführer China?

Wertvoller Acker
Die Rohstoff AG sucht in Sachsen nach seltenen Erden

Riesiges Zinnvorkommen im Erzgebirge Deutsche Rohstoff AG auf Höhenflug

Sachsen: Probebohrung bestätigt riesiges Zinnvorkommen

ANNUAL ACCOUNTS

GROUP MANAGEMENT REPORT

I. BUSINESS AND ECONOMIC ENVIRONMENT

1) Group structure

As of 31 December 2012, the Deutsche Rohstoff Group comprised the following nine group companies:

· Deutsche Rohstoff AG, Heidelberg

· Seltenerden Storkwitz AG, Chemnitz (60.04 %)

· Sachsenzinn GmbH, Chemnitz
(100 %, indirectly via Tin International Ltd.)

· Wolfram Camp Mining Pty. Ltd., Australia (100 %)

· Tin International Ltd., Australia (60.33 %)

· Tropical Metals Pty. Ltd., Australia (100 %)

· Deutsche Rohstoff USA Inc., USA (100 %)

· Tekton Energy LLC, USA
(63.9 %, indirectly via Deutsche Rohstoff USA Inc., USA)

· Tekton Windsor LLC, USA
(100 %, indirectly via Tekton Energy LLC, USA)

As of 31 December 2011, there was also Deutsche Rohstoff Australia Pty. Ltd. which belonged to the consolidated group alongside the companies above and was sold in October 2012.

2) Equity investments

As of 31 December 2012, Deutsche Rohstoff AG also held equity investments of 10 % in Rhein Petroleum GmbH, Heidelberg, and of 47 % in Devonian Metals Ltd. in Canada. On 31 December 2011, the equity investment in Rhein Petroleum GmbH amounted to 25 %, falling in September 2012 through the sale of a further 15 % of the shares in Rhein Petroleum GmbH to its balance as of year-end. Rhein Petroleum is involved in petroleum exploration and extraction in southern Germany, while Devonian Metals carries out exploration at a zinc/lead/silver deposit in Wrigley (Canada).

3) Business activities

The Deutsche Rohstoff Group has become an international resources producer. The number of group companies in the reporting period stood at ten, falling to nine following the sale of Deutsche Rohstoff Australia.

In fiscal year 2012 there were two active divisions: Oil & Gas and Metals. The Gold & Silver division, which was still active in the prior year, was no longer operative as a result of ending gold production at the end of 2011 and selling the mine in September 2012. Deutsche Rohstoff AG acts as an active group holding company that purchases existing companies or develops new projects itself and assumes their financing. In all cases, operative local management is carried out by experienced, local experts. In order to reduce the project risk, in particular for larger deposits, Deutsche Rohstoff AG allows partners to share in the corresponding licenses if necessary.

As of the end of fiscal year 2012, the Deutsche Rohstoff Group had equity investments in companies and maintained production sites in Germany, Australia, Canada and the US. All of these involve oil and gas extraction or mining based on customary extraction and processing technology. As a result, the group companies only carry out their own research and development activity to a minor extent.

In the fiscal year, the Deutsche Rohstoff Group focused on expanding its activities in the area of petroleum exploration and extraction in the US.

Customers for the resources produced include melting houses (smelting works) for the metal resources, refineries for the oil, and gas supply companies that operate pipeline grids for the gas. In the case of tungsten, the first deliveries of concentrates to Global Tungsten and Powders GTP, one of the largest processors of tungsten outside of China, have been underway since February 2012.

For all resources traded on the stock exchange (gold, silver, oil, tin, copper, etc.), pricing is not a problem, as the buyer pays the current market price if the product supplied fulfills the pre-agreed specifications. In these cases, the competitive position also plays a subordinate role, as customers will purchase almost any amount in the market situation that has been predominant for some years now, which is characterized by growing demand.

The situation is somewhat different for resources that are not traded on the stock exchange, for example tungsten. In this regard, Wolfram Camp Mining Pty. (WCM) and Deutsche Rohstoff AG (DRAG) concluded a purchase agreement with GTP initially running for a term of five years. Pricing for the respective tungsten deliveries is based on current published prices for contracts negotiated globally. This agreement was revised and amended in February 2013 (see comments under “Subsequent events”).

4) Overall economic development

Global economic growth slowed perceptibly in 2012 compared to the prior year. After a positive start to the year, the sovereign debt crisis intensified once again in several countries in the euro zone. The economy also suffered from dampening effects from the emerging economies. This caused global GDP growth (2.3 %) to fall short of the 2011 level (up 2.7 %). 2012 was shaped by major economic fluctuations. After showing positive development at the beginning of the year, the early economic indicators became increasingly bleak as the year progressed. The intensification of the debt crisis in the euro zone was the main reason for unsettling investors and consumers. Following the resolutions taken by the ECB to strengthen the euro, the approval of the fiscal pact and implementation of a "European Stability Mechanism" (ESM), the situation on the capital markets showed signs of improvement. However, companies and private households remained cautious as a result of the persistent risks in the real economy in the euro zone and the US.

5) Development of the commodities markets

The oldest commodities future index known around the world, the CRB (Commodity Research Bureau) again slipped slightly from 305 to 295 index points or 3.4 % from 1 January to 31 December 2012.

For the main resources traded on the stock exchange, the price development varied over the course of 2012 with volatility levels high. For example, the price of gold only rose by 3.2 % from USD 1,580 to USD 1,630 per ounce over the course of the year, with the lowest price dropping to USD 1,580 at the beginning of 2012 and the highest reaching USD 1,760 in August. Tin prices increased considerably by 20.0 % over the year, with the price per metric ton (mt) reaching a year-high of USD 25,000 in March 2012 and amounting to USD 22,800 at the end of December after bottoming out at USD 17,600 in August. In March 2013 the price was in the region of USD 23,000 per mt.

Over the course of the year, the prices for the 17 rare earth metals could not be maintained at the level from year-end 2011 and decreased significantly. It must be taken into account, however, that the prices had in some cases increased ten-fold by 2011. The index for rare earths (UBS Stoxx Global Rare Earth) fell from 18 to 12 points over the course of 2012 (33 %). At the beginning of March 2013, it was just short of the prior-year closing value. China's largest rare earth companies are reacting to the continuing fall in prices for rare earths and have been closing many factories since the end of 2012, temporarily at least. Since the beginning of 2013, the prices of certain rare earth metals have seen a slight resurgence, at least on the Chinese market.

The most important resources for the Deutsche Rohstoff Group at present, which will make the largest contribution to total operating performance and group earnings as of 2013, have developed at highly differing rates since the beginning of 2012:

The price of tungsten decreased from USD 425/MTU (1 MTU/metric ton unit corresponds to roughly 10 kg) to 298 USD/MTU (down 30 %) by the end of the year. The positive price development from the prior year was fully depleted, primarily as a result of prices falling at an accelerated rate in the final quarter of 2012 from USD 360/MTU to USD 298/MTU. In March 2013, however, the price was back at USD 350/MTU.

North Sea Brent crude prices rose slightly by 0.9 % from USD 110 per barrel to USD 111 per barrel from 1 January 2012 to 31 December 2012. By contrast, prices for the leading US grade WTI decreased in the same period, by 9 % from USD 99 to USD 90. WTI prices ranged between USD 110 (March) and USD 80 (June), while Brent prices were between USD 125 (March) and USD 90 (June). In March 2013, prices per barrel were approximately USD 107 for Brent and approximately USD 93 for WTI. Since 2011, the price for these two types of oil has been relatively stable at a high level.

6) Development of the industry and competition

The global commodities industry exhibited varied development in 2012. Persistently high oil prices again resulted in high profit for the manufacturing companies operating in the sector. By contrast, in the Metals division some areas reported a fall in demand and prices due to weaker economic development in China, the US and Europe. Major producers reported high depreciation on individual mines for 2012. Rio Tinto, as one of the three largest producers in the world, generated a loss for the first time in its history. The financing conditions for young exploration companies deteriorated considerably over the course of the year.

The Deutsche Rohstoff Group benefited from the high oil price in the US. The prices for the niche metals tungsten, tin and rare earths fell considerably over the course of the year in line with economic development. Investors' interest in investing in young commodities companies suffered as a result of this development. The IPO of Tin International had to be delayed for the meantime. However, Deutsche Rohstoff AG sees the current situation as temporary. Commodities prices have already recovered again in the first quarter of 2013.

7) Business development of the Deutsche Rohstoff Group

General development

Revenue amounted to EUR 3.1m in 2012 (prior year: EUR 15.2m). Consolidated net income for the year decreased from EUR 10.5m in the prior year to EUR 2.3m. The planned fall in revenue and earnings is primarily attributable to the fact that gold production was discontinued at the end of 2011 and the production of tungsten in Australia/petroleum and natural gas in the US only commenced over the course of the year.

Significant events in fiscal year 2012

1) The Deutsche Rohstoff Group commenced production in two companies in fiscal year 2012

In each of the months April, June and August 2012, Tekton Energy connected up three oil reserves that had been drilled using vertical wells in February and March 2012. Over the course of the year they produced approximately 45,000 barrels of oil equivalent, of which 61 % was allocable to Tekton in economic terms. In spring 2012, management decided to prepare horizontal wells at the Tekton project area. In order to improve the understanding of the geological situation, 3D seismic surveys were conducted in the summer. As of summer, management began to apply for approvals for new drilling sites and up to 80 planned horizontal wells. From the end of February to the beginning of April 2013, Tekton drilled the first two horizontal wells. Production then began from the two reserves at the beginning of May 2013.

In March 2012, Wolfram Camp Mining (WCM) delivered a container for the first time with tungsten concentrate to its customer Global Tungsten and Powders (GTP). As a result of the ore grades falling far short of expectations as well as initial problems with increased arsenic, uranium and thorium levels in the concentrate, production – especially commercial production – did not reach the desired level in 2012. Over the course of the year, the management of WCM therefore optimized the extraction method and preparation process at the ore dressing plant located directly at the mine. At the end of the year, the board of directors also resolved to invest around EUR 4m in equipment to increase the throughput of the dressing plant from 29 mt an hour to 49 mt of crude ore and to reduce the U/Th values. The conversion of the plant was performed in several stages between December 2012 and March 2013. Commercial production had not yet commenced in 2012 as a result of the necessary start-up phase, meaning it continued to be recognized as a "mine under construction".

2) Tin International (Tin) and Seltenerden Storkwitz (SES) both successfully concluded their first drilling program in 2012.

Tin received the JORC report in September 2012 according to the Australian standard, which confirmed the historical resource estimate. As regards Seltenerden Storkwitz, the appraiser handed over the JORC report in January 2013. It also certifies that the historical resource estimate is deemed correct in accordance with modern standards. Both companies performed an additional capital increase. Tin also obtained funds of AUD 3m (approx. EUR 2m) in April 2012, with SES acquiring a total of EUR 0.7m in December 2012 and January 2013.

3) Sale of Deutsche Rohstoff Australia (DRAU)

In December 2011, DRAG began negotiating the sale of Deutsche Rohstoff Australia. In June 2012, a preliminary agreement was concluded with JKO Mining. By signing this agreement, JKO paid AUD 250k for a non-refundable but creditable premium for the right to exclusively examine DRAU. This option was extended in August in return for payment of an additional AUD 250k. In September, DRAG and JKO Mining concluded a sales agreement providing for an acquisition of DRAU by JKO in return for cash payment of AUD 16m (approx. EUR 13m). The sale resulted in a profit of EUR 4.8m for the DRAG Group. The agreement came into effect at the end of October. Upon signing the agreement, the purchaser made a payment of AUD 9.5m. The remaining purchase price is due for payment in four installments by September 2013. These receivables are subject to a rate of interest of 7 % p.a. The first two installments at the beginning of January 2013 and end of March 2013 were paid by the purchaser on time.

4) Sale of 15 % shareholding in Rhein Petroleum (RP)

In September 2012, DRAG sold a further 15 % of its then 25 % shareholding in Rhein Petroleum to Tulip Oil Holding B.V., The Hague. The purchase price amounted to EUR 5m, which was paid immediately. For the remaining 10 % shareholding of DRAG, Tulip Oil assumed 75 % (up to EUR 3m) of DRAG's share of the next investments in Rhein Petroleum. DRAG must contribute a maximum of EUR 1m. In such a case, Tulip will receive DRAG's assumed financing share back over the next few years from the profit attributable to DRAG or from the sales proceeds upon sale of the remaining DRAG shares. After 2021, Tulip will no longer be entitled to compensation.

5) Capital increase at Deutsche Rohstoff AG

In February 2012, Deutsche Rohstoff AG performed a capital increase with subscription rights for all shareholders at a price of EUR 14.20 per share. The capital increase of 760,306 shares was fully placed. The gross issue proceeds which flowed to DRAG amounted to EUR 10.8m.

II. RESULTS OF OPERATIONS

Selected data from the income statement
Fiscal year as of 31 December

	2012	2011
	HGB in Mio. EUR	
Revenue	3.1	15.2
Total operating performance[4]	15.2	23.7
Gross profit[1]	15.0	16.7
EBITDA[2]	2.3	8.9
Operating result (EBIT)[3]	0.70	7.8
Earnings before taxes	0.66	7.9
Net income for the year	2.3	10.5

1 *Gross profit is defined at total operating performance less cost of materials.*
2 *EBITDA is defined as earnings for the period before interest, taxes, depreciation and amortization on tangible and intangible assets.*
3 *EBIT is defined as earnings for the period before interest and taxes.*
4 *Total operating performance is defined as revenue less increase or decrease in finished goods and work in process plus own work capitalized plus other operating income plus income from sale/deconsolidation. In the prior-year group management report, other operating income had not been counted towards total operating performance.*

In the past fiscal year, the Group's net income for the year amounted to EUR 2.3m (prior year: EUR 10.50m) with total operating performance of EUR 15.2m (prior year: EUR 23.7m). The net income for the year includes income from accounting for deferred tax assets on loss carryforwards and on temporary differences in carrying amounts of EUR 1.7m. Tax loss carryforwards exist at the Australian companies as well as the US companies and Deutsche Rohstoff AG. 46 % of revenue of EUR 3.1m resulted from tungsten production at the wholly owned subsidiary Wolfram Camp Mining and 35.7 % from petroleum and natural gas production of Tekton Energy, the majority of which is owned by DRAG. Of total operating performance, 14 % or EUR 2.1m related to the partial sale of 15 % of DRAG's shareholding in Rhein Petroleum GmbH in September 2012 as well as 31.6 % or EUR 4.8m from the sale of Deutsche Rohstoff Australia. Additional revenue of EUR 0.6m resulted from management services rendered for various companies.

The target laid out in the last forecast report of the Group's intention to generate a further positive group result was thus achieved. The fact that the excellent prior-year result was not matched is primarily due to the IPO of Tim International in Australia not going ahead as planned and its shares not being sold as intended due to the poor market situation. Furthermore, the start-up phase at Wolfram Camp Mine took longer than originally planned, meaning the mine has not yet been able to make a positive contribution to the result.

No revenue has been recorded in 2012 by the other companies Tin International, Sachsenzinn and Seltenerden Storkwitz, as these are exploration companies. All three companies are currency involved in exploring the prerequisites for preparing a feasibility study. Once a feasibility study has been presented, it can be decided whether or not it is worth constructing a mine.

The German group companies Sachsenzinn GmbH and Seltenerden Storkwitz AG continue to disclose scheduled start-up losses as of 31 December 2012, as do the subsidiaries Tekton Energy (Deutsche Rohstoff USA), WCM and TIN International in Australia.

The Group's financial result of EUR -0.02m (prior year: EUR 0.77m) comprises interest income of EUR 0.26m and interest expenses of EUR 0.28m. The interest expenses stem from three loans in total which DRAG took out in 2011 and 2012. These relate to a bank loan taken out in October 2011 to finance the necessary start-up investments for Wolfram Camp Mine of USD 6.15m (or EUR 4.6m) and two loans from a private creditor totaling EUR 3m. DRAG repaid EUR 1m in April 2012.

Other operating income of EUR 3.4m (prior year: EUR 1.2m) was countered at group level by other operating expenses of EUR 6.6m (prior year: EUR 5.8m). Other operating income primarily arose from the sale of shares in fully consolidated companies and equity investments. This relates to the result from the sale of 15.0 % of the shares in Rhein Petroleum GmbH of EUR 2.1m as well as income from the sale of 3.0 % of the shares in TIN International Ltd. of EUR 0.6m and from the sale of 2.8 % of the shares in Seltenerden Storkwitz AG of EUR 0.2m. The gains on disposal from the proportionate sale of shares in TIN International Ltd. and Seltenerden Storkwitz AG were recognized in profit or loss in accordance with GAS 4.

The income from sale of EUR 4.8m disclosed separately in the income statement relates to the deconsolidation of Deutsche Rohstoff Australia Pty. Ltd.

Other operating expenses primarily result from administrative expenses for current operations.

Personnel expenses (EUR 5.7m; prior year: EUR 2.04m) increased primarily as a result of Wolfram Camp Mine in Australia starting up production. This involved hiring employees for management, ore extraction and processing as well as its own laboratory. The mine employs around three quarters of the Group's entire headcount.

Amortization and depreciation, particularly of intangible fixed assets and property, plant and equipment (EUR 1.63m, prior year: EUR 1.09m), increased by EUR 0.54m and relate to intangible assets (EUR 0.16m) and property, plant and equipment (EUR 1.47m). Furthermore, write-downs of current assets (EUR 0.45m) were recognized in the reporting year.

III. FINANCIAL POSITION

Selected data from the cash flow statement
Fiscal year as of 31 December

	2012	**2011**
	HGB in EUR m	
Cash Flow from operating activities	-3.2	6.8
Cash Flow from investing activities	-13.3	- 8.7
Cash Flow from financing activities	17.5	6.3
Increase / decrease in cash and cash equivalents	1.0	4.4
Cash and cash equivalents at the beginning of the fiscal year	9.0	4.6
Cash and cash equivalents at the end of the fiscal year	10.0	9.0

As of 31 December 2012, cash and cash equivalents in the Group came to EUR 9.98m (prior year: EUR 9.0m). Cash and cash equivalents correspond to credit balances at banks.

With total assets in the Group of EUR 63.5m, group equity as of 31 December 2012 amounts to EUR 49.0m, which corresponds to an equity ratio of 77.1 % (prior year: 77.4 %).

Subscribed capital increased by EUR 0.79m in 2012 to EUR 5.3m and capital reserves rose by EUR 11.4m to EUR 29.2m, mainly as a result of a cash capital increase at the group parent. Liabilities of EUR 11.6m arose due to a bank loan of EUR 4.6m, among other things.

The financial control of the Group is based in the main on the cash and cash equivalents available. The Group is continuing to experience strong growth, and it is necessary to be able to finance this growth at all times. This is why capital increases have so far been performed as soon as there was an indication that capital would be needed in the medium term. In addition, management constantly carries out discussions with providers of capital that can grant equity or debt capital in order to secure further financing at short notice at the level of the holding company and/or the local subsidiaries if necessary. Cash flow from financing activities is thus very significant.

At EUR 17.9m, cash flow from financing activities increased sharply in a year-on-year comparison (2011: EUR 6.3m). This was primarily due to the successful capital increase at the beginning of 2012.

This contrasts with a cash flow from investing activities of EUR -13.3m (2011: EUR -8.7m), which chiefly relates to the investments in Wolfram Camp Mining and Tekton Energy. The cash flow from operating activities amounted to EUR -3.6m (prior year: EUR 6.8m). The negative cash flow from operating activities is attributable to Georgetown Goldmine discontinuing production and then Wolfram Camp and Tekton only commencing production over the course of the year.

New investments are made primarily in projects that can be expected to return the funds invested within a period of 12 to 18 months. For large projects that tie up capital on a long-term basis, DRAG is looking for partners to assume the financing and in return to take over shares in the corresponding projects.

The executive board currently takes the view that the Deutsche Rohstoff Group will continue to be in a position at all times to meet its future obligations and to carry out investments on the basis of above-average equity and liquidity.

IV. NET ASSETS

Selected balance sheet data
Fiscal year as of 31 December

	2012	**2011**
	HGB in EUR m	
Fixed assets	37.3	23.9
Current assets	22.1	13.5
Equity	49.0	31.1
Liabilities	11.6	5.6
Provisions	1.7	1.9
Total assets	63.5	40.2

The Group's total assets of EUR 63.5m comprise around 50 % or EUR 31.8m of property, plant and equipment. Of this amount, EUR

21.7m (prior year: EUR 9.72m) relates to capitalized exploration and evaluation costs/mines under construction, EUR 4.1m (prior year: EUR 0m) to petroleum extraction machines and EUR 5.7m to plant and machinery (prior year: EUR 7.6m).

As of 31 December 2012, intangible assets of EUR 2.2m mainly comprised the disclosure of the extraction licenses of the wholly owned subsidiary Tropical Metals (EUR 1.04m; prior year: EUR 1.04m) and goodwill (EUR 1.2m; prior year: EUR 0.3m).

The 47 % equity investment in Devonian Metals Inc. in Canada is unchanged from the prior year at EUR 1.26m.

After selling 15 % of its 25 % share, the 10 % equity investment in Rhein Petroleum is now capitalized at amortized cost of EUR 2.1m.

Inventories in the form of raw materials, consumables and supplies, work in process and finished goods and merchandise totaled EUR 3.8m as of 31 December 2012 (prior year: EUR 2.18m). Inventories primarily relate to tungsten and low volumes of gold as finished goods as well as tungsten ores that have been extracted but not yet processed recognized as work in process. Raw materials, consumables and supplies primarily include chemicals that are required for processing raw materials.

As of 31 December 2012, there were short-term receivables with a term of less than one year and other assets of EUR 6.0m (prior year: EUR 1.57m) that primarily comprise the remaining purchase price from the sale of DRAU. Securities classified as current assets amounted to EUR 2.3m (prior year: EUR 0.79m). Bank balances amounted to EUR 9.98m and were up EUR 0.98m on the prior year.

Deferred tax assets of EUR 4.0m (prior year: EUR 2.6m) were recognized, primarily on usable tax loss carryforwards. Deferred tax assets are counterbalanced by deferred tax liabilities of EUR 1.2m (prior year: EUR 1.5m).

The Group's economic situation continues to be shaped by its strong equity and liquidity position. Equity amounted to EUR 49.0m as of 31 December 2012 (prior year: EUR 31.1m). The equity ratio thus comes to 77.1 % (prior year: 77.4 %).

Liabilities (EUR 11.6m; prior year: EUR 5.61m) mainly comprise a bank loan (EUR 4.6m) as well as a loan issued by a private creditor (EUR 2m).

Provisions fell slightly from EUR 1.9m to EUR 1.7m.

The table below gives the Group an overview of further indicators that are of particular importance for assessing its ability to service debt.

	2012	**2011**
	HGB in EUR m	
EBIT Interest Coverage Ratio[1]	2.4	29.5
EBITDA Interest Coverage Ratio[2]	8.2	33.7
Total DEBT / EBITDA[3]	2.87	0.5
Total net Debt / EBITDA[4]	-1.45	-0.51
Risk Bearing Capital[5]	0.77	0.77
Total Debt / Capital[6]	0.12	0.13

1 *Ratio of EBIT (EBIT is defined as 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 equity investments) to interest expenses and similar expenses.*

2 *Ratio of EBITDA (EBITDA is defined as EBIT plus depreciation and amortization) to interest expenses and similar expenses.*

3 *Ratio of financial liabilities (financial liabilities are defined as liabilities to banks plus other interest-bearing liabilities) to EBITDA.*

4 *Relationship of net financial liabilities (net financial liabilities are defined as total debt less cash and cash equivalents) to EBITDA.*

5 *Relationship of liability capital (liability capital is defined as equity) to total assets.*

6 *Relationship of financial liabilities (total debt) to financial liabilities plus equity.*

Employees

In addition to the two executive board members, the Company employed eight employees at the headquarters in Heidelberg and in the Chemnitz branch at the end of the fiscal year. Five of those were full-time staff members. In addition, all group companies also used external consulting services, especially in the areas of legal and tax advice. Including its subsidiaries in Germany and abroad, the Deutsche Rohstoff Group employed an average of 74 staff in 2012 compared with an average figure of 36 in 2011. The majority were employed at Wolfram Camp Mine in Australia. The German subsidiaries Sachsenzinn GmbH and Seltenerden Storkwitz AG had their own staff for the first time in 2012. In addition to the executive board, Seltenerden Storkwitz has two geologists that were employed part-time. Sachsenzinn also employs two geologists, one part-time and the other full-time. Again in 2012, DRAG performed administrative and geological services for the two companies as part of a service agreement.

Research and development

The Deutsche Rohstoff Group carries out scarcely any research and development activities of its own. Instead it makes use of service providers that carry out the work using state-of-the-art technology. One exception is Seltenerden Storkwitz AG, which has entered into a range of technology partnerships. The aim is to develop process technologies for the preparation and separation of rare earths.

V. SUBSEQUENT EVENTS

After the balance sheet date, the following significant events materially influenced the further development of business up until the beginning of May 2013:

At the end of February 2013, the purchase agreement for tungsten concentrates with Global Tungsten & Powders (GTP) was revised and renewed. In connection with this, Bank Austria increased the existing loan to EUR 8.24m. The loan primarily serves to finance the investments in Wolfram Camp's dressing plant. The term for the total loan amounts to just under four years until the end of 2016. These investments have since been made. The plant runs at its targeted throughput of 49 mt of crude ore an hour.

Tekton Energy completed two horizontal wells by the end of April, which have been producing petroleum and natural gas since the beginning of May. These wells are the basis for further financing projects necessary to able to be able to perform the extensive drilling program as planned. In connection with this, Deutsche Rohstoff AG plans to issue a bond in June 2013 to secure the financing of the Tekton drilling program.

Deutsche Rohstoff AG performed the following financing for subsidiaries from January to the end of April 2013:

Deutsche Rohstoff USA/Tekton Energy: USD 7.75m (EUR 5.96m) as part of several capital increases and USD 2m (EUR 1.54m) in the form of a loan.

Wolfram Camp Mining: AUD 6.2m (EUR 4.9m) as a loan.

Rhein Petroleum: EUR 122,500 as a contribution to the capital reserves.

Seltenerden Storkwitz AG concluded a capital increase of EUR 0.7m in January.

VI. OPPORTUNITIES AND RISK REPORT

Opportunities

I. Oil & Gas division

In April 2012, Tekton Energy began production of oil and gas from the first three vertical wells drilled in February 2012. In June and August 2012, a further six reserves were connected. Since then, production at all wells has been largely problem free. In fiscal year 2012, Tekton extracted around 45,000 barrels of oil equivalent. Around 61 % of this total was allocable to Tekton in economic terms, with the rest going to the other neighboring owners.

In summer 2012, Tekton conducted a 3D seismic survey in preparation for the horizontal wells. At the same time, Tekton began applying for approval for up to 80 horizontal wells. In February 2013, Tekton drilled the first two horizontal wells. They have been in production since the beginning of May 2013. As a result of the extensive results published by the two large companies operating in the same field, DRAG assumes that the equity investment in Tekton has considerable potential added value. For this reason, Tekton is expected to form the focus of DRAG's activities for the next few years. Around half of the funds for investments in further horizontal wells are expected to come from cash inflows from the wells that are already in production and the rest from debt financing and own funds which will largely be procured by Deutsche Rohstoff AG. In connection with this, Deutsche Rohstoff AG plans to issue a bond in June 2013 to secure Tekton's financing requirements.

The extensive 3D seismic explorations by Rhein Petroleum GmbH were completed in May 2012. The information acquired was evaluated until the end of 2012, with some information still under evaluation. The management of Rhein Petroleum is planning several wells for 2013. If the positive assessment of the seismic findings made to date is actually confirmed, DRAG expects a substantial rise in the value of this equity investment, too.

II. Metals division

The tungsten mine in Australia is to lead to a lasting and significant contribution to revenue and profit from the second half of 2013. By means of exploration on the extensive licensed sites, the reserves and thus the life cycle of the mine is to be further extended. Preparation is already underway for the corresponding work. The agreement with GTP marks an agreement with a major customer with whom long-term cooperation has been agreed. DRAG sees strong additional growth opportunities from this relationship.

Sachsenzinn GmbH and the parent company Tin International plan to develop their Gottesberg and Geyer licensed sites further towards a feasibility study. In January 2013, SZ was also awarded the contract for an additional licensed site in the Erzgebirge mountains called Sadisdorf. There is a historical resource estimate for this site. If DRAG succeeds in financing the extensive work necessary for a feasibility study, it sees good opportunities for considerably increasing the value of its shares. If the existing resource estimate for Sadisdorf can be converted into a JORC-conform resource estimate comparable to Gottesberg and Geyer, this would also increase the value of the equity investment.

Seltenerden Storkwitz AG plans to perform an IPO in the current year. The resulting cash inflow will enable the company to further explore its main project in Storkwitz. It is planned to drill to a depth of around 1,200 meters, which is expected to increase its resources considerably. The company is also working with several partners to develop efficient and environmentally friendly technology for processing and separating the ores. If there defined milestones are achieved, DRAG sees good marketing opportunities for this technology regardless of whether or not it uses it itself.

In the past year, Devonian Metals concluded an additional exploration program with pleasing results. DRAG is of the opinion that the project has now reached a stage of development allowing it be sold for an attractive sum. The joint venture partner Glencore shares this opinion. For DRAG, this represents an opportunity to make a considerable profit if the project is sold.

Significant risks related to future development

Deutsche Rohstoff AG has identified the following risks as the main business risks posed to the further development of the Group:

1. The success of the Deutsche Rohstoff Group hinges solely on the development of the subsidiaries and equity investments with operations in Germany and abroad.

The operations of Deutsche Rohstoff AG itself are limited. All major activities take place at the subsidiaries, each of which has its own management. The success of the entire Group depends on the extent to which the respective local management reaches the targets set. If there are major deviances from targets, the Group's result could fall well short of expectations.

The executive board of the holding company in Heidelberg uses a range of tools to detect risks at an early stage and counteract such risks:

· The annual financial planning is prepared for the holding company as well as for the subsidiaries on a monthly basis and is subject to constant variance analysis. Variances of more than 10 % will be taken as an opportunity to examine the corresponding costs directly or to adjust the planning if necessary.

· The credit and cash management of the subsidiaries is ensured at all times via the parent company. There is close cooperation with those responsible for finances based on monthly capital and liquidity planning.

· Once a month the subsidiaries prepare a report that provides detailed information on production, exploration, personnel, safety and the environment.

· Two to three times a month, extensive telephone conferences are held with the management of the subsidiaries. The executive board is given information on all current developments and discusses upcoming measures at these telephone conferences.

In addition, personal visits on site or by the management of subsidiaries in Heidelberg provide an opportunity to discuss the respective situation comprehensively and to plan the next months/years from an operational perspective. These personal visits take place between two and four times a year.

2. General risks of resource extraction

The possibilities of successful extraction of resources are primarily also dependent on the political will of local governments to have available resources mined by the local or foreign mining industry. Restrictive requirements for the mining industry can make it much more difficult and/or not economically feasible to extract resources. In addition, natural dangers such as earthquakes, cyclones or protracted storms can disrupt the operation of a mine, at least temporarily. There is a further risk that resource content estimated in the course of trial drills may not last or may be substantially less than estimated and an exploration project may thus fail or can be considerably more expensive or be delayed.

The success of Tekton Energy, one that is extremely important for the Group, also depends on its ability to use modern technologies such as horizontal wells and hydraulic fracturing. The use of hydraulic fracturing in particular is one area that is a source of controversial discussion in Germany and, to some extent, in the US. It cannot be ruled out completely that the usage of this technology will be limited or made more expensive.

Generally speaking, the exploration of commodity deposits carries the risk of deposits proving not to be economic as part of their development or the necessary financing not being provided for further development. In such a case, it may be necessary to depreciate the majority of assets in the Oil & Gas, Metals and Rare Earths divisions partially or in full.

Deutsche Rohstoff AG has developed various strategies in order to mitigate or eliminate these risks:

- Investments only in countries with a stable political and legal environment

- Focus on projects for which intensive exploration was already carried out in the past and for which extensive geological reports are available

- Conclusion of agreements with partners that assume part or all of the project development risk

- Diversification of production also within subsidiaries. Tekton has since acquired a large lease position outside the town of Windsor. It is unlikely that exploration or production on these sites will be limited due to a lack of acceptance among the population, as they are not located in the vicinity of heavily populated areas.

3. Risks related to the development of resource prices

Global resource prices are subject to some extremely high volatility, even during the year. The mining industry is subject to the risk that investment decisions will be taken on the basis of market price assumptions that were too high and that may be obsolete just a few months later and could result in a project originally classified as profitable turning into a loss-making project.

Deutsche Rohstoff AG is endeavoring to prevent the price risks using a range of measures:

- Portfolio approach: In contrast to many other smaller mining companies, DRAG has a portfolio of projects and subsidiaries for various resources. To a certain extent this provides security against price risks, as the price development of different resources is not always fully correlated and in some cases prices even develop counter to each other.

- Fast return of the funds used: DRAG regularly reviews whether it can sell projects, either in full or in part, and thereby reduce its amount of capital tied up. If the invested funds flow back to the Company, the risk of falling prices is less relevant.

4. Forward production sales (hedging). In the US in particular, Tekton uses the opportunity to forward sell future production and thereby secure a set minimum price. Competitive risks

The business environment in resource extraction is subject to considerably stiffer competition at an international level than in Germany. It is characterized by intense exploration and extraction activities and rapid technical changes. The success of the Group depends to a large degree on the extent to which it manages to extract current and future reserves and resources at favorable prices, and to process and market them successfully. At present and in future, the Group sees itself exposed to intense competition, especially internationally, with a large number of competitors ranging from small explorer firms to large international mining corporations.

The Group works with a strong network of partners that make their finances, technical know-how and global contacts available to the Company. This network will continue to make a major contribution to the Company's ability to hold its ground in the face of international competition.

5. Risks in relation to additional funding requirements

The ability to finance project development is one of the main success factors in the mining industry and also in the oil and gas industry. Deutsche Rohstoff AG currently has above-average equity reserves and sufficient cash reserves. Nevertheless DRAG must borrow additional funding, in particular to be able to perform the horizontal drilling program in the US. Funding requirements can also be higher than planned on account of delays or cost increases for the projects. Whether or not DRAG will remain in a position to procure additional funding going forward hinges on the success of the current and future project activities, the conditions on the capital market and on other factors.

If DRAG does not succeed in borrowing funds at favorable conditions or indeed at any conditions, DRAG could possibly be forced to reduce the operating expenses by delaying, limiting or discontinuing project development. A resurgence of the global financial crisis would once again result in lasting difficulties for companies, especially smaller ones, wishing to procure equity and borrowed capital.

In general, Deutsche Rohstoff AG endeavors to counter the financing risk with a very conservative financing policy. The reach of the cash available constitutes a major performance indicator. Ongoing discussions are held with potential providers of equity and borrowed capital in an attempt to create further funding opportunities that can also be used independently of the capital market.

6. Insolvency risks

There is a risk that one or several of DRAG's subsidiaries will become insolvent. If this risk eventuates, it could lead to considerable valuation allowances being recognized on shares in and receivables from subsidiaries and could reduce DRAG's equity accordingly. Furthermore, if payments expected from subsidiaries, i.e., loan repayments, are not received, this could lead to a restricted ability to pay and possibly also to the insolvency of DRAG. The executive board of DRAG uses the instruments listed under point 1 to detect risks at an early stage and counteract such risks.

7. Risks relating to the usability of tax loss carryforwards

DRAG and the group companies have a notable amount of tax loss carryforwards. DRAG assumes that based on current tax legislation in Germany and other countries these loss carryforwards can be carried forward and used for offsetting against future profits in accordance with the tax regulations (e.g., minimum taxation) without any time restrictions. If changes in the law at short notice, a change in the capital or ownership structures or other events mean that it is not possible to use the tax loss carryforwards in full or in part, e.g., because it is not possible to yield profits with commodities projects, income tax payments would then be incurred on the profits expected to be recorded in the future if the respective subsidiaries develop successfully. These tax payments would burden liquidity and capitalized deferred taxes would have to be written down if necessary.

The executive board therefore regularly reviews the recoverability of deferred tax assets recognized on loss carryforwards.

8. Risks relating to personnel

The executives and the scientific and technical experts in key positions are decisive for the success of all group companies. Many of these employees have extensive experience in the resources industry and in the Group and would be difficult to replace. In addition, competition for experienced specialists is intense in the industry, and the Deutsche Rohstoff Group may not succeed in hiring highly trained staff or retaining them for the long term. The development of DRAG is currently still heavily dependent on the performance of the two founding executive board members. Any loss of top management could pose a risk to the successful development of the Company thus far.

Consequently, Deutsche Rohstoff AG has been broadening its personnel base since 2011, both for the commercial control and management of the Group as a whole in the headquarters and by means of further staff with training in technical subjects and the natural sciences.

9. Currency risks

Large portions of DRAG's assets are held in other currency zones, in particular in US dollars, Australian dollars and Canadian dollars. Depending on the amount of monthly revenue of the subsidiaries abroad and on new investment plans outside of the euro zone, DRAG also holds cash in foreign currencies. This mostly involves Australian dollars and US dollars. There are also currency risks from translating the separate financial statements of the foreign subsidiaries from local currency to euro, as the functional currency for those subsidiaries is the local currency. Currency risks also stem from short-term loans from the holding company to the subsidiaries in their local currencies.

These currency risks are recorded and monitored systematically. In certain circumstances, currency hedges can also be concluded for foreign currency items if the amount and timing of payment obligations is relatively certain.

10. Country-related risks

DRAG's projects and subsidiaries are all located in countries with a stable political and legal environment. Nevertheless the framework conditions for mining companies could deteriorate unexpectedly, for example in the event of a change of government.

As far as management is aware, none of the group companies are currently subject to any risks that could jeopardize the continued existence of the Group until the end of 2012 or thereafter. In fact, management assumes that the holding company will continue its successful course for growth to date and will be able to meet its target of setting up profitable resource production by the end of 2013.

VII. FORECAST AND OUTLOOK

Future gearing of the Group

As of the date of the report, the Deutsche Rohstoff Group comprises the parent company in Heidelberg, a branch in Chemnitz, a total of eight majority interests in Australia, the US and Germany and two minority interests in Germany and Canada. The Group focuses on the two strategic divisions "Oil & Gas" and "Metals". The executive board sees considerable revenue and profit potential in both divisions. The individual companies in these two divisions have the potential to contribute to a considerably higher market value of the Group as a whole in the medium term. Accordingly, the investment funds and operations have been focused on these two divisions since the beginning of 2012. The executive board sees the largest opportunities for high gains in value in the US subsidiary Tekton Energy, which has the ability to create a large number of extraordinarily profitable horizontal wells.

Future economic environment

According to DRAG, global demand for goods and energy – and thus the demand for all types of resources – will continue to increase further in the medium to long-term future. This is due primarily to the rise in living standards in the emerging economies. In our view, this process is irreversible. Nevertheless the development of past years shows that there can always be phases of great uncertainty during which even the prices of resources can decline sharply. If such a phase were to be prolonged, it could impact negatively on the net assets and results of operations of the Deutsche Rohstoff Group.

DRAG operates in countries with good infrastructure and where legal certainty prevails. Particularly in Australia, the US and Canada, the environment is mining-friendly. The executive board continues to view these framework conditions as beneficial for long-term prospering business development.

Expected net assets and financial position

The executive board expects a positive group result once again in 2013. This will be largely shaped by Tekton Energy. If the Group succeeds in securing the financing for the up to 50 horizontal wells planned for the next year, the executive board expects to generate earnings in 2013 that at least match those from 2011 and also foresees a significant growth in earnings in 2014. If financing is not successful or is delayed significantly, this would presumably result in earnings and the financial position worsening significantly. In connection with this, Deutsche Rohstoff AG plans to issue a bond in June 2013 to secure Tekton's financing requirements.

The earnings forecast also anticipates the Wolfram Camp Mine becoming economically viable as of mid-2013. In this regard, management sees all the prerequisites as being in place on account of the positive development so far in 2013.

The earnings forecast both for 2013 and for 2014 are subject to the proviso that the macroeconomic development and the prices of resources remain stable. If prices (especially for tungsten and petroleum) collapse, for example due to the uncertainty in connection with the euro crisis or because of a considerable drop in demand for resources in China, it is possible that the forecast will not prove accurate.

Overall outlook regarding anticipated development

Since its foundation, the Deutsche Rohstoff Group has succeeded in establishing its position on the market. It has a valuable project portfolio, a strong network of specialists from the industry and in Germany it also has a high profile. Based on this position, the Group has the following objectives for 2013/2014:

- Securing financing as quickly as possible and performing Tekton Energy's horizontal drilling program
- Acquiring additional areas at the Wattenberg site or other prospective sites in the US
- Profitable production of tungsten concentrates in Australia as well as additional extension of the life cycle of the mine by means of exploration
- Securing the financing of the subsidiaries TIN International and SES AG.

Management intends to propose a dividend distribution for the first time to the annual general meeting for fiscal year 2012. If business develops accordingly, rising dividends are expected to be paid for 2013 and subsequent years where possible.

Heidelberg, 5 June 2013

The Executive Board

CONSOLIDATED BALANCE SHEET

Assets		31 Dec 2011	31 Dec 2012
		EUR	EUR
A.	**Fixed assets**		
I.	Intangible assets		
1.	Purchased franchises, industrial rights and similar rights and assets, and licenses in such rights and assets	1,070,062	1,161,152
2.	Goodwill	1,166,761	313,300
		2,236,823	**1,474,452**
II.	Property, plant and equipment		
1.	Land, land rights and buildings, including buildings on third-party land	68,725	2,031
2.	Petroleum extraction machines	4,088,375	0
3.	Mines under construction	17,208,251	0
4.	Exploration and evaluation	4,499,895	9,716,924
5.	Plant and machinery	5,662,273	7,597,013
6.	Other equipment, furniture and fixtures	230,353	217,804
		31,757,873	**17,533,772**
III.	Financial assets		
	Equity investments	3,251,470	4,856,580
		3,251,470	**4,856,580**
B.	**Current assets**		
I.	Inventories		
1.	Raw materials, consumables and supplies	1,396,629	437,713
2.	Work in process	2,063,530	1,723,278
3.	Finished goods and merchandise	370,222	23,183
		3,830,381	**2,184,174**
II.	Receivables and other assets		
1.	Trade receivables	624,438	530,235
2.	Receivables from other investees and investors	156,778	156,778
3.	Other assets	5,220,668	880,505
		6,001,884	**1,567,518**
III.	Securities classified as current assets	2,275,435	788,713
IV.	Bank balances	9,983,219	9,000,881
C.	**Prepaid expenses**	**143,598**	**123,263**
D.	**Deferred tax assets**	**3,970,122**	**2,639,161**
	Total assets	**63,450,804**	**40,168,514**

Equity and liabilities		**31.12.2012**	**31.12.2011**
		EUR	EUR
A.	**Equity**		
I.	Subscribed capital	**5,322,147**	**4,534,120**
	Conditional capital: EUR 2,000,000 (prior year: EUR 2,019,516)		
II.	Capital reserves	**29,219,454**	**17,785,425**
III.	Equity difference from currency translation	**-105,452**	**271,040**
IV.	Consolidated net retained profit	**9,656,646**	**6,511,434**
V.	Minority interests	**4,845,694**	**1,994,888**
		48,938,488	**31,096,906**
B.	**Provisions**		
	Other provisions	1,674,717	1,911,277
		1,674,717	**1,911,277**
C.	**Liabilities**		
1.	Liabilities to banks	4,634,385	4,499,006
2.	Trade payables	2,852,718	710,950
3.	Other liabilities	4,160,283	401,834
		11,647,386	**5,611,791**
D.	**Deferred tax liabilities**	**1,190,213**	**1,548,540**
	Total equity and liabilities	**63,450,804**	**40,168,514**

CONSOLIDATED INCOME STATEMENT

		1 Jan – 31 Dec 2012	1 Jan – 31 Dec 2011
		EUR	EUR
1.	**Revenue**	**3,095,441**	**15,203,048**
2.	**Increase or decrease in finished goods and work in process**	**704,911**	**-1,115,624**
3.	**Other own work capitalized**	**3,160,550**	**232,694**
4.	**Other operating income**	**3,354,762**	**1,209,643**
5.	**Income from sale/deconsolidation**	**4,842,441**	**8,139,934**
6.	**Cost of materials**	**121,976**	**6,974,428**
	a) Cost of raw materials, consumables and supplies and of purchased merchandise	0	0
	b) Cost of purchased services	121,976	6,974,428
7.	**Personnel expenses**	**5,715,684**	**2,037,998**
	a) Wages and salaries	5,541,662	1,909,361
	b)) Social security, pension and other benefit costs	174,021	128,637
	– thereof for old-age pensions: EUR 7,984 (prior year: EUR 422)		
8.	**Amortization, depreciation and write-downs**	**1,629,052**	**1,092,993**
	a) of intangible assets and property, plant and equipment	1,629,052	1,092,993
9.	**Other operating expenses**	**7,011,733**	**5,794,537**
10.	**Income from other securities and loans classified as fixed financial assets**	**0**	**9,273**
11.	**Other interest and similar income**	**259,979**	**340,771**
12.	**Interest and similar expenses**	**280,839**	**263,391**
13.	**Result from ordinary activities**	**658,801**	**7,856,393**
14.	**Income taxes**	**-1,711,280**	**-2,623,957**
	– thereof income from changes in recognized deferred taxes: EUR -1,711,280 (prior year: EUR 2,623,957)		
15.	**Other taxes**	**90,533**	**0**
16.	**Consolidated net income for the year**	**2,279,547**	**10,480,350**
17.	**Loss attributable to minority interests**	**865,665**	**336,836**
18.	**Profit (+)/loss (-) carried forward**	**6,511,433**	**-4,305,753**
19.	**Consolidated net retained profit**	**9,656,646**	**6,511,434**

CONSOLIDATED CASH FLOW STATEMENT

		2012	2011
		EUR	EUR
	Net income/loss for the period (including minority interests)	2,279,547	10,480,350
–/+	Interest received/paid	20,860	-77,381
	Net income/loss before interest and income tax	2,300,408	10,402,970
+/–	Write-downs/write-ups of fixed assets	1,629,052	1,092,992
+/–	Increase/decrease in long-term provisions	107,442	1,129,005
+/–	Other non-cash expenses/income	-1,078,733	1,677,956
+/–	Increase /decrease in short-term provisions	-347,431	100,189
–/+	Gains/losses from the disposal of Deutsche Rohstoff Australia Pty. Ltd. (prior year: Rhein Petroleum GmbH)	-4,842,441	-8,139,934
–/+	Gains/losses from the partial disposal of companies that remain fully consolidated	-836,487	0
–/+	Gains/losses from the disposal of financial assets	-2,125,177	0
+/–	Interest income/expenses received/paid	-20,860	77,381
–/+	Increase/decrease in inventories	-1,646,206	-721,076
–/+	Increase/decrease in trade receivables	-94,203	0
–/+	Increase/decrease in other assets and assets that cannot be allocated to investing or financing activities	-647,082	-928,066
+/–	Increase/decrease in trade payables	2,141,768	515,904
+/–	Increase/decrease in other liabilities and liabilities that cannot be allocated to investing or financing activities	2,297,623	1,626,681
	Cash flow from operating activities	**-3,162,329**	**6,834,001**
+	Cash received from disposals of property, plant and equipment	29,428	249,122
–	Cash paid for investments in property, plant and equipment	-23,241,293	-11,310,015
–	Cash paid for investments in intangible assets	-1,069,035	-1,107,242
+	Cash received from disposals of fixed financial assets	5,000,000	0
–	Cash paid for investments in fixed financial assets	-1,269,713	-2,390,504
+	Cash received from the sale of consolidated companies and other business entities	8,709,619	9,713,244
–	Cash paid for the purchase of consolidated companies and other business entities	0	-3,405,146
+	Cash received in connection with short-term financial management of cash investments	788,713	0
–	Cash paid in connection with short-term financial management of cash investments	-2,275,435	-490,761
	Cash flow from investing activities	**-13,327,717**	**-8,741,301**
	Cash received from equity contributions (capital increases, sale of treasury shares, etc.)	15,483,359	5,792,008
+	Cash received from the issue of bonds and from loans	3,000,000	4,498,974
–	Cash repayments of bonds and loans	-1,010,975	-4,000,966
	Cash flow from financing activities	**17,472,384**	**6,290,017**
	Changes in cash and cash equivalents	982,338	4,382,716
+	Cash and cash equivalents at the beginning of the period	9,000,881	4,618,165
	Cash and cash equivalents at the end of the period	**9,983,219**	**9,000,881**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR	Subscribed capital	Capital reserves	Equity difference from currency translation	Profit/loss carryforward
As of 1 January 2011	**4,353,620**	**12,434,806**	**-65,326**	**-3,376,265**
Capital increase	180,500	1,903,591		
Foreign currency translation			336,366	
Changes in the basis of consolidation		3,447,028		
Reclassifications				-929,488
Net income/net loss for the year				
As of 31 December 2011	**4,534,120**	**17,785,425**	**271,040**	**-4,305,753**
As of 1 January 2012	**4,534,120**	**17,785,425**	**271,040**	**-4,305,753**
Capital increase	788,027	10,401,138		
Uncompleted capital increase at subsidiaries				
Foreign currency translation			-376,492	
Reclassifications		1,032,891		10,817,186
Net income/net loss for the year				
As of 31 December 2012	**5,322,147**	**29,219,454**	**-105,452**	**6,511,434**

Net income/loss for the year	Equity of the DRAG Group	Minority interests	Accumulated other comprehensive income of minority interests	Consolidated equity
-929,488	**12,417,347**	**161,875**	**0**	**12,579,222**
	2,084,091			2,084,091
	336,366		-13,255	323,111
	3,447,028	2,183,104		5,630,132
929,488				0
10,817,186	10,817,186	-336,836		10,480,350
10,817,186	**29,102,018**	**2,008,143**	**-13,255**	**31,096,906**
10,817,186	**29,102,018**	**2,008,143**	**-13,255**	**31,096,906**
	11,189,165	4,272,155		15,461,320
	0	423,202		423,202
	-376,492		54,005	-322,487
-10,817,186	1,032,891	-1,032,891		0
3,145,212	3,145,212	-865,665		2,279,547
3,145,212	**44,092,794**	**4,804,944**	**40,750**	**48,938,488**

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

Acquisition and production cost

in EUR		1 Jan 2012	Additions	Disposals
I.	**Intangible assets**			
	1. Purchased franchises, industrial rights and similar rights and assets, and licenses in such rights and assets	1,769,332	69,080	0
	2. Goodwill	354,490	999,955	0
		2,123,823	**1,069,035**	**0**
II.	**Property, plant and equipment**			
	1. Land, land rights and buildings, including buildings on third-party land	2,443	79,528	0
	2. Petroleum extraction machines	0	0	0
	3. Mines under construction	0	12,736,035	0
	4. Exploration and evaluation	10,257,670	7,554,829	-7,241
	5. Plant and machinery	8,060,105	2,715,677	0
	6. Other equipment, furniture and fixtures	261,851	155,223	-22,187
		18,582,068	**23,241,293**	**-29,428**
III.	**Financial assets**			
	Equity investments	4,856,580	1,269,713	-2,874,823
		4,856,580	**1,269,713**	**-2,874,823**
		25,562,471	**25,580,041**	**-2,904,251**

Changes in the basis of consolidation	Reclassifications	Foreign currency translation	31 Dec 2012
-174,429	0	550	1,664,533
0	0	0	1,354,445
-174,429	**0**	**550**	**3,018,978**
-2,465	0	-2,018	77,488
0	4,562,756	-91,497	4,471,259
0	4,803,908	-331,692	17,208,251
-3,909,127	-9,366,664	-29,572	4,499,895
-4,265,989	0	-31,487	6,478,305
-76,701	0	-3,518	314,667
-8,254,283	**0**	**-489,784**	**33,049,865**
0	0	0	3,251,470
0	**0**	**0**	**3,251,470**
-8,428,712	**0**	**-489,235**	**39,320,313**

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

Accumulated amortization, depreciation and write-downs

in EUR		1 Jan 2012	Additions	Disposals	Write-ups
I.	**Intangible assets**				
	1. Purchased franchises, industrial rights and similar rights and assets, and licenses in such rights and assets	608,181	13,377	0	0
	2. Goodwill	41,190	146,494	0	0
		649,371	**159,871**	**0**	**0**
II.	**Property, plant and equipment**				
	1. Land, land rights and buildings, including buildings on third-party land	412	9,612	0	0
	2. Petroleum extraction machines	0	393,704	0	0
	3. Mines under construction	0	0	0	0
	4. Exploration and evaluation	540,746	197,535	0	0
	5. Plant and machinery	463,092	759,992	0	0
	6. Other equipment, furniture and fixtures	44,047	108,339	0	0
		1,048,296	**1,469,181**	**0**	**0**
III.	**Financial assets**				
	Equity investments	0	0	0	0
		0	**0**	**0**	**0**
		1,697,667	**1,629,052**	**0**	**0**

				Net book values	
Changes in the basis of consoli-dation	**Reclassifications**	**Foreign currency translation**	**31 Dec 2012**	**31 Dec 2012**	**31 Dec 2011**
-27,071	0	-16	594,471	1,070,062	1,161,152
0	0	0	187,684	1,166,761	313,300
-27,071	**0**	**-16**	**782,155**	**2,236,823**	**1,474,452**
-1,024	0	-237	8,763	68,725	2,031
0	0	-10,820	382,884	4,088,375	0
0	0	0	0	17,208,251	0
-739,942	0	1,662	0	4,499,895	9,716,924
-402,581	0	-4,471	816,032	5,662,273	7,597,013
-60,823	0	-7,248	84,314	230,353	217,804
-1,204,370	**0**	**-21,115**	**1,291,993**	**31,757,873**	**17,533,772**
0	0	0	0	3,251,470	4,856,580
0	**0**	**0**	**0**	**3,251,470**	**4,856,580**
-1,231,441	**0**	**-21,131**	**2,074,148**	**37,246,165**	**23,864,803**

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 Secs. 290 et seq. HGB ["Handelsgesetzbuch": German Commercial Code].

The consolidated income statement is classified using the nature of expense method.

To improve clarity, we summarize individual consolidated balance sheet and income statement items and present and comment on them separately in these notes to the consolidated financial statements. For the same reason, we also indicate in the notes whether individual items are related to other items and "thereof" items.

The consolidated financial statements are presented in euro (EUR). Unless otherwise indicated, all figures are rounded up or down to the nearest euro in accordance with commercial rounding practices. Please note that differences can result from the use of rounded amounts and percentages.

2. BASIS OF CONSOLIDATION

The consolidated financial statements include Deutsche Rohstoff AG as well as two German and six foreign subsidiaries. In the prior year, the consolidated financial statements included two German and seven foreign subsidiaries. Please also refer to 5.2 Information on shareholdings.

Deutsche Rohstoff Australia Pty. Ltd. was deconsolidated as a result of the sale of 100 % of shares held. This generated income of EUR 4.8m, which was disclosed separately under income from sale/deconsolidation.

3. CONSOLIDATION PRINCIPLES

Companies which were consolidated for the first time due to an acquisition were accounted for using the purchase method as of the date on which the companies became a subsidiary.

The carrying amount of the shares belonging to the parent company is offset against the equity of the subsidiary attributable to those shares. Equity is stated at the fair value of the assets, liabilities, prepaid expenses and deferred income to be included in the consolidated financial statements at the time of consolidation. Any remaining asset difference is disclosed as goodwill; any difference on the liabilities side is disclosed separately under equity as a "Negative consolidation difference".

The fair value of the assets, liabilities, prepaid expenses and deferred income is determined as of the date on which the company became a subsidiary; this is also the date of acquisition accounting.

Intercompany receivables and liabilities, revenue, income and expenses and any intercompany profits and losses were eliminated.

In accordance with German Accounting Standard (GAS) 4, gains on disposal from the proportionate sale of shares in subsidiaries are recognized in profit or loss regardless of whether control ends as a result of selling shares.

4. ACCOUNTING AND VALUATION METHODS

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

The financial statements of the companies included in the consolidated financial statements were prepared in accordance with uniform accounting and valuation methods.

Purchased **intangible assets** are recognized at acquisition or production cost and are amortized over their useful lives using the straight-line method if they have a limited life. The useful life ranges from 3 to 20 years. Intangible assets primarily comprise exploration and mining licenses. Exploration licenses are amortized using the straight-line method as of the date of acquisition until each license expires. By contrast, mining licenses are amortized over the expected remaining useful life using the straight-line method.

Extraordinary write-downs are recognized if the impairment is expected to be permanent.

Goodwill from acquisition accounting of shares is amortized pro rata temporis over a period of five/twelve years. The estimated useful lives are based on the expected extraction periods and volumes.

Property, plant and equipment are recognized at acquisition or production cost and are depreciated if they have a limited life. The cost of self-constructed assets includes direct costs as well as a proportionate share of overheads.

Classification of property, plant and equipment was expanded by adding the categories "Petroleum extraction machines" and

"Mines under construction" on account of the specific features of an extractive company. The petroleum extraction machines relate to three machines, each with three wells on the "Wattenberg" oil and gas field in Windsor, Colorado (USA). Mines under construction relate to a tungsten mine in the state of Queensland (Australia) that was still in the testing phase in fiscal year 2012.

Classification of property, plant and equipment also contains the item "Exploration and evaluation". The item contains expenses incurred during the exploration and evaluation phase in direct connection with the discovery of minable material and which directly serve the procurement of raw materials more likely than not to generate future cash flows. Direct costs and a proportionate share of overheads are recognized.

As of the date of commercial mining/extraction, these items are reclassified to the respective fixed asset items. Should it emerge that, due to events or change in circumstances, the estimated raw materials available are not sustainable or fall significantly short of expectations or the yield is not sufficient for viable extraction, the assets affected are written off through profit or loss.

Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. The useful life for plant and machinery ranges between 8 and 25 years, for other equipment, furniture and fixtures between 3 and 13 years. Producing mines are depreciated over a period of between 10 and 25 years in line with the estimated mining activities. There is one exception regarding the straight-line depreciation method for petroleum extraction machines, which are depreciated according to the degree of utilization. The degree of utilization reflects the economic rate of depreciation.

Extraordinary write-downs are recognized if the impairment is expected to be permanent.

With regard to **financial assets**, equity investments are recognized at the lower of cost or market.

Inventories are recognized at the lower of cost or market.

Inventories of **raw materials, consumables and supplies** are valued at the lower of average cost or market on the balance sheet date.

Finished goods and work in process are valued at production cost. In addition to the direct cost of materials, direct labor and other special direct costs, production costs include production and materials overheads as well as depreciation. Borrowing costs were not included in production cost. General and administrative expenses were also not capitalized.

In all cases, valuation was at net realizable value, i.e., the cost to complete was deducted from the expected sales prices.

Receivables and other assets were stated at their nominal value less allowances for specific risks.

As pending transactions, **derivative financial instruments** are generally not recognized. Gains on hedging instruments that cannot be designated to corresponding hedged items are only realized upon maturity. Unrealized losses from derivative financial instruments are recognized with an effect on income if they are not included in a hedge and the unrealized losses are not compensated for by offsetting changes in the value of the hedged item.

Other securities classified as current assets are recognized at acquisition cost or, if applicable, at the lower listed or market prices on the balance sheet date.

Prepaid expenses include payments made prior to the balance sheet date that relate to expenses for a particular period after this date.

Other provisions account for all uncertain liabilities and potential losses from pending transactions. They are recognized at the settlement value deemed necessary according to prudent business judgment (i.e., including future cost and price increases). Provisions with a residual term of more than one year were discounted. Recultivation provisions were primarily recognized for field clearance and well plugging. This involves recognizing a pro rata addition, taking into account expected future price and cost increases as well as discounts in line with the respective remaining term.

Provisions are discounted using an interest rate suitable for instruments of an equivalent term in accordance with the RückAbzinsV ["Rückstellungsabzinsungsverordnung": German Ordinance on the Discounting of Provisions]. **Liabilities** were recorded at the settlement value.

To determine **deferred taxes** arising due to timing or temporary differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts or due to tax loss carryforwards, the resulting tax burden and relief are valued using the company-specific tax rates at the time the differences reverse; these amounts are not discounted. Differences due to consolidation procedures in accordance with Secs. 300 to 307 HGB are taken into account; differences arising on the first-time recognition of goodwill or a negative consolidation difference are not included. Deferred tax assets were recognized on tax loss carryforwards if expected to be offset within the next five years. Deferred tax assets and liabilities are not offset.

Currency translation

Foreign currency assets and liabilities were translated using the mean spot rate on the balance sheet date. If they had residual terms of more than one year, the realization principle and the historical cost principle were applied.

Except for equity, assets and liabilities in the financial statements prepared in foreign currency were translated into euro at the mean spot rate on the balance sheet date. Equity is translated at historical exchange rates. The items of the income statement are translated into euros at the average exchange rate. The resulting translation difference is recognized in consolidated equity under the item "Equity difference from currency translation".

5. NOTES TO THE CONSOLIDATED BALANCE SHEET

5.1. Fixed assets

The development of fixed assets, including amortization, depreciation and write-downs for the fiscal year, is shown in the statement of changes in fixed assets.

In the fiscal year, the share in the Tekton Energy Group was increased by a further 3.1 %. In connection with this, goodwill amounted to EUR 1,000k which is amortized over twelve months. This included the results from a successful drilling program which provide a better estimate of the extraction and volume period.

The item "Purchased franchises, industrial rights and similar rights and assets, and licenses in such rights and assets" primarily contains mining licenses held by Tropical Metals Pty. Ltd. of EUR 1,040k.

The petroleum extraction machines relate to oil and gas fields in North America.

The item "Mines under construction" contains a tungsten-molybdenum mine in the state of Queensland, Australia.

This item for exploration and evaluation breaks down as follows: (see table 5.1.).

5.2. 5.2. Information on shareholdings

see table 5.2.

5.3. Inventories

Inventories primarily relate to tungsten and low volumes of gold as finished goods as well as tungsten ores that have been extracted but not yet processed recognized as work in process. Raw materials, consumables and supplies primarily include chemicals that are required for processing raw materials.

5.4. Receivables and other assets

The remaining terms of receivables and other assets break down as follows (see table 5.4. und table 5.4.1.).

5.5. Derivative financial instruments

There are currency and other derivative transactions (see table 5.5.).

The currency transactions comprise forward exchange contracts based on the Australian dollar (AUD). These were concluded with the aim of eliminating the currency risk with the purchase price payments from the sale of shares in Deutsche Rohstoff Australia Pty. Ltd of AUD 1.5m each as of 31 March, 30 June and 30 September 2013.

Other transactions include derivative financial instruments in the form of costless collars comprising put and call options concluded to hedge the price risk on the sales side resulting from oil production. They were not accounted for as hedges in accordance with Sec. 254 HBG.

Derivative financial instruments are measured at fair value on the basis of published market prices. If there is no price listed on an active market, other suitable valuation methods are used. The market values of the forward exchange contracts were provided by the relevant contractual partners (financial service providers) with which the hedging transactions were concluded. To determine the market value of the put and call options (costless collars) as of the balance sheet date, the values prepared by the relevant contractual partner were also used to determine the market value on the basis of a mark-to-market valuation.

5.6. Prepaid expenses

Prepaid expenses primarily relate to prepaid insurance and rental amounts.

Table 5.1. Fixed assets

in EUR

Project/company	Raw material	2012	2011
Deutsche Rohstoff Australia Pty Ltd	Gold	0	3,333,234
Tekton Energy LLC	Oil and gas	900,261	736,914
Wolfram Camp Mining Pty Ltd.	Tungsten	832,028	5,390,035
Sachsenzinn GmbH	Tin and copper	1,855,329	256,742
TIN International, Australia	Tin	118,115	0
Tropical Metals, Australia	Tungsten	118,353	0
Seltenerden Storkwitz AG	Rare earths	675,810	0
		4,499,895	**9,716,924**

Table 5.2. Information on shareholdings

	Registered office	incl. shares in acc. with Sec. 16 AktG			Fiscal year	Equity in local currency	Net income/ loss in local currency
		direct %	indirect %	total %			
Consolidated affiliates							
Deutsch Rohstoff AG	Heidelberg, Germany						
Deutsche Rohstoff USA Inc.	Denver, USA	100.00		100.00	2012		
Tekton Energy LLC	Denver, USA		63.90	63.90	2012		
Tekton Windsor LLC, USA	Denver, USA		63.90	63.90	2012		
Wolfram Camp Mining Pty Ltd.,	Brisbane, Australia	100.00		100.00	2012		
Tropical Metals Pty Ltd.	Brisbane, Australia	100.00		100.00	2012		
Tin International Ltd.	Sydney, Australia	60.33		60.33	2012		
Sachsenzinn GmbH	Chemnitz, Germany		60.33	60.33	2012		
Seltenerden Storkwitz AG	Chemnitz, Germany	60.04		60.04	2012		
Other equity investments *							
Devonian Metals Ltd.	New Westminster, Canada	47.00			2011/12	6,391,894	1,454,587
Rhein Petroleum GmbH	Heidelberg, Germany	10.00			2012	2,464,464	-11,687,528

* *Measured at group amortized cost, as Deutsche Rohstoff AG cannot exert significant influence on the business and financial policies of these companies.*

Table 5.4. Receivables and other assets

in EUR	< one year	> one year	Total
			31 Dec 2012
Trade receivables	624,438	0	624,438
Receivables from other investees and investors	156,778	0	156,778
Other assets	5,156,347	64,321	5,220,668
– thereof for taxes	71,712	0	71,712
– thereof for social security	0	0	0
			6,001,884

in EUR	< one year	> one year	Total
			31 Dec 2011
Trade receivables	530,235	0	530,235
Receivables from other investees and investors	13,312	143,466	156,778
Other assets	493,424	387,081	880,505
– thereof for taxes	101,033	0	101,033
– thereof for social security	0	0	0
			1,567,518

Table 5.4.1. Other assets include the following items:

	2012	2011
Receivable from the sale of Deutsche Rohstoff Australia	4,768,095	0
Receivables from the sale of machines	150,000	300,000
Loan granted	0	295,514
Deposits	86,179	91,567
Receivables from the tax authorities	70,602	53,798
VAT receivables	36,721	47,234
Interest receivables	0	6,038
Derivative financial instruments	605	0
Other	108,465	86,353
	5,220,667	**880,505**

5.7. Deferred taxes

A tax rate of approximately 30 % was used for calculating deferred taxes. Deferred tax assets were recognized on tax loss carryforwards of approximately EUR 9.0m (prior year: EUR 3.9m) (see table 5.7.)

5.8. Equity

The development of equity is shown in the statement of changes in equity.

As of 31 December 2012, the subscribed capital of EUR 5,322k (prior year: EUR 4,534k) corresponds to the balance sheet item recognized at the parent company. In the fiscal year, a capital increase of EUR 788k was performed at the parent company.

As of the balance sheet date, the capital reserves are EUR 3,262k (prior year: EUR 2,229k) higher than the capital reserves of the parent company. The EUR 1,033k change in the current fiscal year is attributable to the disproportionate payments made by minority interests as part of capital increases at the subsidiaries Seltenerden Storkwitz AG and TIN International Ltd. The equity portions attributable to the minority interests were presented separately.

Of the consolidated equity earned, EUR 1,265k as of 31 December 2012 (prior year: EUR 571k) is not distributable due to legal restrictions in accordance with Sec. 268 (8) HGB, as deferred tax assets exceed deferred tax liabilities.

5.9. Other provisions

Other provisions developed as follows (see table 5.9.)

5.10. Liabilities

Liabilities are listed in the table below (see table 5.10.).

Other liabilities include a loan of EUR 2.0m granted by a private creditor of Deutsche Rohstoff AG.

6. NOTES TO THE CONSOLIDATED INCOME STATEMENT

6.1. Revenue

Revenue by segment breaks down as follows:

in EUR	2012	2011
Gold and silver	4,444	14,524,758
High-tech metals	1,421,229	0
Oil	1,047,302	0
Gas	59,708	0
Other	562,758	678,289
	3,095,441	**15,203,048**

Other revenue relates among other things to management services rendered to other investees and investors.

Revenue by region breaks down as follows:

in EUR	2012	2011
Germany	565,846	378,053
USA	1,999,591	0
Australia and Asia	530,005	14,824,995
	3,095,441	**15,203,048**

6.2. Income from sale/deconsolidation

This relates to income from the sale of 100 % of the shares in Deutsche Rohstoff Australia Pty. Ltd. as of 22 October 2012. As of the time of deconsolidation, Deutsche Rohstoff Australia Pty. Ltd.'s assets amounted to EUR 8.2m and liabilities to EUR 0.4m. This is a company involved in the mining of gold and silver and which possesses a gold processing plant as well as various mining and exploration licenses.

Table 5.5. Derivative financial instruments

Category	Nominal amount	Fair value	Book value (where available)	Balance sheet item (if recognized)
	EUR	EUR	EUR	
Currency transactions	3,492,308	-5,185	0	n/a
Other transactions		4,616	605	Other assets

Table 5.7. Deferred taxes

in EUR	31 Dec 2012	31 Dec 2011
Deferred tax assets on differences in carrying amounts for		
– property, plant and equipment	435,215	0
– inventories	154,208	1,209,170
– receivables and other assets	3,897	0
– other provisions	267,791	0
– liabilities	395,432	265,393
Total	1,256,542	1,474,563
Deferred taxes on loss carryforwards	2,713,580	1,164,598
Total deferred tax assets	**3,970,122**	**2,639,162**
Deferred tax liabilities on differences in carrying amounts for		
– intangible assets	307,051	307,051
– property, plant and equipment	883,162	900,277
– receivables and other assets	0	182,888
– other provisions	0	21,725
– liabilities	0	136,599
Total deferred tax liabilities	1,190,213	1,548,540
Total deferred taxes, net	**2,779,909**	**1,090,622**

Table 5.9. Other provisions

in EUR	**As of 1 Jan 2012**	**Change in basis of consolidation**	**Currency adjustments**
Provisions relating to personnel	254,278	0	-6,928
– Vacation, overtime, flextime	57,066	0	-5,260
– Other personnel expenses	197,213	0	-1,668
Other provisions	1,656,998	-350,824	-5,780
– Outstanding invoices	149,697		-5,195
– Recultivation expenses	1,213,802	-350,824	1,592
– Other	293,499		-2,177
Total provisions	**1,911,277**	**-350,824**	**-12,708**

Table 5.10. Liabilities

Due in (years)	31 Dec 2012				
in EUR	< one year	one to five years	> five years	Total	thereof secured
Liabilities to banks	4,634,385	0	0	4,634,385	4,634,385
Trade payables	2,677,956	174,762	0	2,852,718	0
Other liabilities	4,160,283	0	0	4,160,283	0
– thereof for social security	677	0	0	677	0
– thereof for taxes	34,103	0	0	34,103	0

Due in (years)	31 Dec 2011				
in EUR	< one year	one to five years	> five years	Total	thereof secured
Liabilities to banks	10,975	4,488,031	0	4,499,006	0
Trade payables	710,950	0	0	710,950	0
Other liabilities	401,834	0	0	401,834	0
– thereof for social security	1,591	0	0	1,591	0
– thereof for taxes	14,315	0	0	14,315	0

Utilization	**Reversal**	**Allocation**	**Reclassification**	**Interest portions**	**As of 31 Dec 2012**
204,507	0	373,136	-37,458	0	378,522
19,608	0	205,008	-37,458	0	199,748
184,899	0	168,128	0	0	178,774
666,893	0	658,394	0	4,301	1,296,195
149,697		202,456			197,261
223,698		30,775		4,301	675,948
293,499		425,162			422,986
871,400	**0**	**1,031,530**	**-37,458**	**4,301**	**1,674,717**

The prior year relates to the income from the sale of 55 % of the shares in Rhein Petroleum GmbH, a petroleum and natural gas company, as of 1 January 2011. As of the time of deconsolidation, the share of assets and liabilities of Rhein Petroleum GmbH amounted to EUR 1,859k and EUR 287k respectively.

6.3. Other operating income

Other operating income comprises the following (see table 6.3.).

Income from the disposal of fixed financial assets relates to the earnings from the sale of 15.0 % of the shares in Rhein Petroleum GmbH. Income from the disposal of companies that remain fully consolidated includes income from the sale of 3.0 % of the shares in TIN International Ltd. of EUR 0.6m as well as from the sale of 2.8 % of the shares in Seltenerden Storkwitz AG of EUR 0.2m. The gains on disposal from the proportionate sale of shares in TIN International Ltd. and Seltenerden Storkwitz AG were recognized in profit or loss in accordance with GAS 4 despite the fact that control remains.

6.4. Other operating expenses

Other operating expenses break down as follows (see table 6.4.).

6.5. Income taxes

in EUR	2012	2011
Income (-) / expense (+) from changes in deferred taxes	-1,711,280	-2,623,957
	-1,711,280	**-2,623,957**

7. OTHER NOTES

7.1. Notes to the consolidated cash flow statement

EUR 4,695k (prior year: EUR 1,990k) of cash received from equity contributions relates to minority interests. A non-cash capital contribution of EUR 2,084k was performed at Deutsche Rohstoff AG in the prior year, which did not affect cash.

Cash and cash equivalents comprises the balance sheet item "Bank balances".

In total, EUR 0k (prior year: EUR 1,518k) of cash and cash equivalents are subject to restrictions on disposal. This relates to a security payment for future recultivation measures over which the Group does not have full power of disposal.

7.2. Related party transactions

In the fiscal year, there were no significant transactions with related parties conducted on terms other than arm's length terms.

7.3. Contingent liabilities and other financial obligations

Contingent liabilities

There are no contingent liabilities.

Off balance sheet transactions

See Table 7.3.

Other financial obligations

In addition to the contingent liabilities and off balance sheet transactions, there are other financial obligations (see table 7.3.1.).

Table 6.3. Other operating income

in EUR	2012	2011
Income from the disposal of fixed financial assets	2,125,177	0
Income from the disposal of companies that remain fully consolidated	836,487	0
Income from the disposal of property, plant and equipment	5,000	79,905
Income from exchange rate gains	162,852	836,988
Sundry other income	225,246	292,750
	3,354,762	**1,209,643**

Table 6.4. Other operating expenses

in EUR	2012	2011
Operating expenses	100,918	337,484
Non-recognizable exploration and evaluation expenses	475,535	25,751
Administrative expenses	3,774,975	2,150,15
Selling expenses	302,519	989,418
Other expenses	2,357,786	2,291,869
	7,011,733	**5,794,537**
For operating expenses		
Rent and leases	19,857	26,943
Maintenance and third-party repairs for land and buildings	43,763	0
Utilities	37,297	310,540
	100,918	**337,484**
For administrative expenses		
Legal and consulting fees	2,100,872	447,924
Bookkeeping costs	467,521	261,097
Insurance premiums	290,777	74,071
Costs incurred by the supervisory board and similar bodies	171,979	34,044
Rent and leases	164,599	126,252
Preparation of financial statements and audit fees	125,657	59,002
Expenses (rent, maintenance, consulting, etc.)	76,830	72,755
Contributions	39,105	11,023
Office materials	27,799	21,623
Post and telephone expenses, data transfer	36,723	37,875
Bank charges and fees	33,752	33,676
Other administrative expenses	239,362	970,672
	3,774,975	**2,150,015**
For selling expenses		
Travel expenses	193,590	196,302
Advertising and sales promotion	32,526	8,557
Royalties	51,025	773,755
Other selling expenses	25,377	10,803
	302,519	**989,418**
For other expenses		
Expenses for exchange rate losses	770,135	100
Expenses for incidental personnel expenses/training	4,314	5,922
Vehicle expenses	65,970	62,279
Losses from the disposal of property, plant and equipment	0	20,916
Bad debts	0	427,275
Addition to specific bad debts	466,708	0
Allocation to other provisions	3,813	187,962
Expenses for donations	800	500
Sundry other operating expenses*	1,046,046	1,586,915
	2,357,786	**2,291,869**

* *Sundry other operating expenses for 2012 include equity procurement expenses in connection with Tin International Ltd. of EUR 460k.*

Stock option program

In accordance with the resolution approved at the annual general meeting of Deutsche Rohstoff AG on 22 July 2011, the executive board is authorized until 31 December 2013 to launch stock option plans and to issue, once or in several tranches, up to 225,000 stock options with subscription rights to new registered no-par value shares in the Company representing a pro-rata amount of EUR 1.00 of the share capital per share with a term of up to seven years to members of management of the Company's affiliates in Germany and abroad and their affiliates in Germany and abroad, subject to the condition that each stock option grants the right to subscribe a new share in the Company.

By resolution dated 13 September 2011, the executive board made use of the authorization for the first time and issued 90,000 stock options to members of management of the Company's affiliates in Germany and abroad as well as 28,000 stock options

Table 7.3. Off balance sheet transactions

	Purpose	Risks	Benefits
Operating leases	Safeguard the liquidity situation and improve the equity ratio	Risks arise from the non-cancellable minimum lease term as well as higher refinancing costs.	Short-term contractual obligations, allowing leased items to be upgraded to keep up with technical progress.

Table 7.3.1. Other financial obligations

in EUR	Due within one year	Due in more than one year	2012	Due within one year	Due in more than one year	2011
Office rent	110,784	169,951	280,736	93,001	277,494	370,495
Vehicle leases	5,100	1,275	6,375	10,881	27,202	38,083
Other	4,200	4,200	8,400	1,836	5,508	7,344
			295,511			**415,922**

Table 7.4. Employees

2012

Headcount	Production	Administration	Total
Wage earners	48	0	48
Salaried employees	0	26	26
Trainees	0	0	0
	48	**26**	**74**

2011

Headcount	Production	Administration	Total
Wage earners	19	0	19
Salaried employees	0	17	17
Trainees	0	0	0
	19	**17**	**36**

The average number of employees is taken by adding together a quarter of the total employees as of 31 March, 30 June, 30 September and 31 December.

to the Company's employees and its affiliates in Germany and abroad. By resolution dated 3 January 2012, the executive board once again made use of the authorization and issued 50,000 stock options to members of management of the Company's affiliates in Germany and abroad as well as 41,000 stock options to the Company's employees and its affiliates in Germany and abroad.

The Company will solely grant subscription shares to the option holders provided the conditions of the 2011 stock option program are fulfilled. A cash settlement in this regard is expressly precluded. The stock option program did not have any influence on these financial statements.

As of the date they were granted, the stock options had a value of EUR 0k (prior year: EUR 0k). As of the balance sheet date, this figure stood at EUR 178k (prior year: EUR 345k).

7.4. Employees

The average number of employees during the fiscal year is presented below (see table 7.4.).

7.5. Corporate bodies

Executive board

Dr. Titus Gebel, Schönau
Dr. Thomas Gutschlag, Mannheim

Supervisory board

Martin Billhardt (chairman), Cuxhaven
chairman of the executive board of PNE WIND AG

Prof. Dr. Gregor Borg, Halle
head of the working group on petrology and economic geology (Fachgruppe für Petrologie und Lagerstättenforschung) at the University of Halle-Wittenberg

Wolfgang Seybold, Esslingen am Neckar
bank officer, general manager of AXINO Investment GmbH

7.6. Total remuneration of the executive boards

Remuneration of the executive board of Deutsche Rohstoff AG for performing its functions at the parent company and the subsidiaries amounted to EUR 475k (prior year: EUR 298k).

7.7. Total supervisory board remuneration

Remuneration of the supervisory board of Deutsche Rohstoff AG for performing its functions at the parent company and the subsidiaries amounted to EUR 39k (prior year: EUR 34k).

7.8. Auditor fees and services

The group auditor's total fees for the fiscal year amount to EUR 102k and comprise fees for the audit of the financial statements amounting to EUR 96k and other services of EUR 6k.

Heidelberg, 5 June 2013

The Executive Board

Dr. Titus Gebel Dr. Thomas Gutschlag

REPORT BY THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

during the past financial year, the Supervisory Board has met the responsibilities upon it pursuant to the law and the company's Articles of Association and Rules of Procedure. It has also intensively pursued its responsibilities of overseeing and advising the Management in the management of business activities. The Supervisory Board was closely involved in all decisions of fundamental importance to the company. In the course of fulfilling its duties, the Supervisory Board has received regular, prompt, and comprehensive written and verbal reports, also by telephone, from the Management regarding business planning, the situation and development of the company and its subsidiaries and affiliated companies as well as all significant business transactions. We have carefully examined, discussed, and voted on the decisions or measures proposed by the Management that, pursuant to the law and the company's Articles of Association and Rules of Procedure of the Management Board, require our approval.

Over and above the reports from the Management Board, I have, in my position as Chairman of the Supervisory Board, maintained constant contact with the Management Board and have stayed informed about current business developments. In particular, these include the implementation of the company's capital increase in February and March 2012, the development of the start of production at Wolfram Camp Mining Pty. Ltd., the progress and success of the oil drilling at Tekton Energy LLC, the sale of Deutsche Rohstoff Australia Pty. Ltd., the partial sale of a stake in Rhein Petroleum GmbH, the drilling in the exploration areas of Sachsenzinn GmbH and Seltenerden Storkwitz AG, and the JORC classifications that were issued thereupon as well as further significant business transactions of the company and its subsidiaries and affiliated companies.

Supervisory Board and key points of deliberation

During financial year 2012, four meetings of the Supervisory Board were held. All of the meetings were held in person and all of the panel members were present at each meeting. No special committees were formed. The key points discussed at the Supervisory Board meetings during 2012 included the following issues in particular:

· The ramp-up of the production of tungsten concentrate in Queensland, Australia by Wolfram Camp Mining Pty. Ltd. as from March 2012;

· The realization and evaluation of the results of nine vertical wells of Tekton Energy LLC in Colorado, USA in spring 2012;

· The approval of the financial statements and the consolidated financial statements for the financial year 2011 during the Supervisory Board Meeting on 11 June 2012, after lengthy discussions with the auditor of the financial statements and consolidated financial statements for the financial year 2011;

· The election of the chairman of the Supervisory Board and of his deputy at the constituent meeting of the Supervisory Board immediately after the election of the new Supervisory Board by the Annual General Meeting on 25 July 2012;

· The sale of Deutsche Rohstoff Australia Pty. Ltd. in September 2012;

· The sale of 15 % of the company's stake in Rhein Petroleum GmbH in September 2012;

· The evaluation of the drilling results in the exploration areas of Sachsenzinn GmbH and Seltenerden Storkwitz AG as well as the analysis of the JORC classifications that were issued upon the drilling;

· Investment and budget planning for 2012 and 2013.

The adjustments to the budget prepared by the Management Board for 2012 and the budget planning for 2013 have been examined in detail by the Supervisory Board and have been endorsed. Based on mid and long-term corporate planning as well as scenario comparisons, the strategic focus of the company was discussed, reviewed, and adjusted. The Supervisory Board immediately reviewed the information it received from the Management Board and discussed this with the Management Board. Particular attention was paid to the liquidity situation, the risk situation, and to risk management.

The Management Board kept the Supervisory Board informed of the net assets, financial position, and operating results of Deutsche Rohstoff AG together with its subsidiaries and associated companies on a regular basis. The basis for this was provided by the monthly, quarterly, and annual financial reports (together with their evaluations), which were submitted in time.

In the course of various meetings and resolutions, the Supervisory Board also granted its approval to transactions that are subject to approval by the Management Board pursuant to the law and the company's Articles of Association and Rules of Procedure. In particular, these included the approval of the Supervisory Board on 10 February 2012 for the resolution of the Management Board to increase the company's share capital by EUR 760,306 from EUR 4,561,841 up to EUR 5,322,147 by issuing up to a total of 760,306 no-par value registered shares and granting subscription rights to the shareholders. Also included were the approval of the Supervisory Board of 05 May 2012 for the specification of the amount of the aforementioned capital increase to the stated maximum amounts. Furthermore, including the approval of the Supervisory Boars for taking on loans from a private creditor amounting to EUR 3 million and ultimately the approval of the Supervisory Board for the issuance of a second tranche out of the stock option program 2011.

Annual financial statements, consolidated financial statements, and proposal for the appropriation of distributable profits

The auditing company Ernst & Young GmbH, based in Stuttgart, Germany and a secondary establishment in Mannheim, Theodor-Heuss-Anlage 2, 68165 Mannheim, Germany ("Ernst & Young"), was appointed auditor and group auditor for financial year 2012 by the Annual General Meeting on 25 July 2012 and was subsequently mandated by the Supervisory Board to audit the company's single-entity and consolidated financial statements. Ernst & Young audited the single-entity and consolidated financial statements that were prepared by the Management Board (including the group management report) for financial year 2012 and issued an unqualified audit certificate.

All members of the Supervisory Board received special documentation pertaining to the financial statements, in particular these included the annual and consolidated financial statements, the corresponding audit reports prepared by the Ernst & Young, together with the Management Board's proposal for the appropriation of distributable profits, in good time before the Supervisory Board Meeting on 5 June 2013 that was convened to adopt the annual financial statements. In preparation for this meeting, The Supervisory Board members reviewed these documents in detail in preparation for this meeting. At the meeting, the financial statements, consolidated financial statements, group management report, and the Management Board's proposal for the appropriation of distributable profits were discussed in depth with the Management Board. During the meeting the Supervisory Board carried out an independent review of the financial statements, consolidated financial statements, and group management report in respect of their legality, correctness, fitness for purpose, and efficiency. The Management Board's proposal for the appropriation of distributable profits was reviewed in accordance with the same criteria. Ernst & Young also participated in the meeting on 5 June 2013. Ernst & Young reported on the audit, commented on the key points of the audit, and was available to answer questions and provide supplementary information to the Supervisory Board.

Report of the Supervisory Board

Following a detailed examination of the financial statements, consolidated financial statements, and group management report for the financial year of 2012, the Supervisory Board did not raise any objections. The Supervisory Board also raised no objections to the Management Board's proposal for the appropriation of distributable profits. The Supervisory Board agreed with the results of the audit carried out by Ernst & Young and approved the financial statements and group financial statements of Deutsche Rohstoff AG. The financial statements of Deutsche Rohstoff AG are therefore adopted.

Election of the new Supervisory Board

On 25 July 2012, the Annual General Meeting of the Deutsche Rohstoff AG elected the former members of the Supervisory Board, Martin Billhardt, Prof. Dr. Gregor Borg, and Wolfgang Seybold for the period until the close of the Annual General Meeting, which resolves on the discharge for the financial year 2016. In the following constituent meeting of the Supervisory Board, Martin Billhardt was re-elected as Chairman of the Supervisory Board and Professor Dr. Gregor Borg was re-elected as Deputy Chairman of the Supervisory Board.

The Supervisory Board herewith thanks the members of the Management Board and all of the company's employees for the great commitment they have demonstrated and for their achievements during financial year 2012.

Heidelberg, June 2012

For the Supervisory Board

Martin Billhardt (Chairman)

AUDIT OPINION

TO DEUTSCHE ROHSTOFF AG

We have audited the consolidated financial statements prepared by Deutsche Rohstoff AG, Heidelberg, comprising the balance sheet, the income statement, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements together with the group management report for the fiscal year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the group management report in accordance with German commercial law is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with [German] principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with [German] principles of proper accounting. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Mannheim, 5 June 2013

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Günnewig	Hällmeyer
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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Securities Code WKN A0XYG7

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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.

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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This Annual Report was published on 6 June 2013.

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