



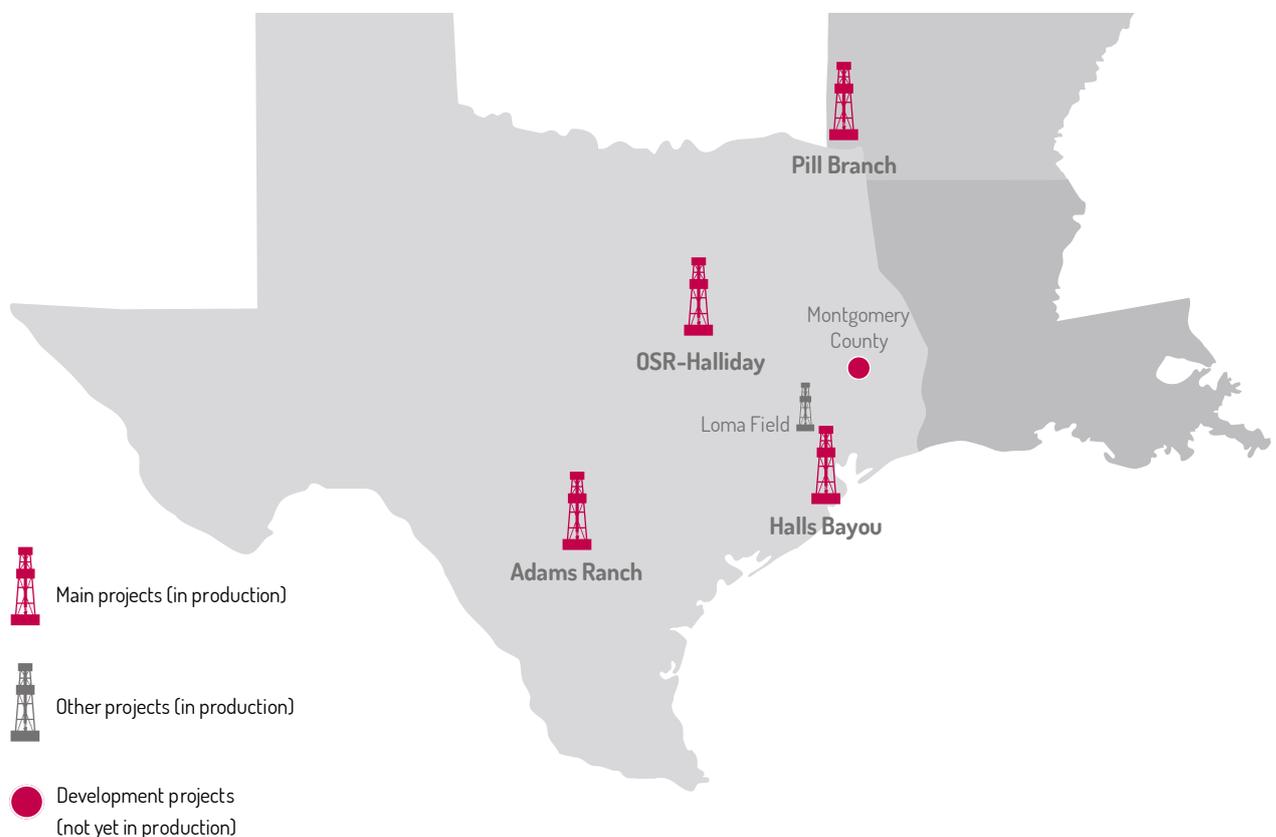
> annual report 2014

## Activa Resources AG in brief

- Activa Resources AG is an established independent oil and gas producer which focuses on the development of oil and natural gas properties in North America
- The management and technical team comprise oil industry experts with many years operational experience at major international oil companies
- The company's main asset, OSR-Halliday, is in the sweet-spot of the well-known and prolific Woodbine trend in East Texas.
- Development of proven oil and natural gas reserves of 6.66 million BOE\* is well underway
- With annual revenues exceeding EUR 5.5 million Activa has created a strong production base from which to grow
- With its active hedging policy the development of the main assets is economic in the current oil price environment
- High potential projects are being consistently brought to production with a low-risk investment approach

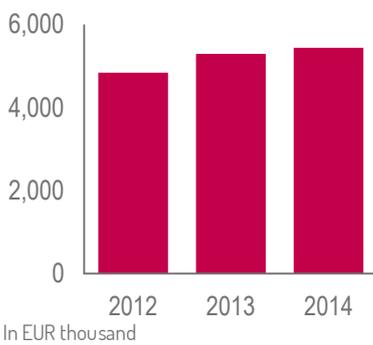
*\*BOE - barrels of oil equivalent (unit for comparison of oil, gas and liquid volumes)*

### Location of Activa's oil and natural gas fields

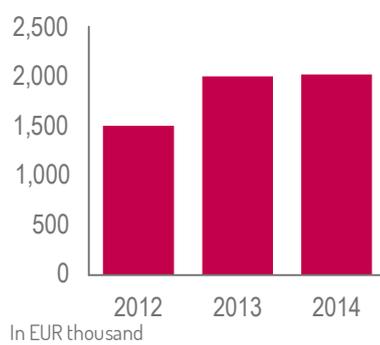


## Financial Summary

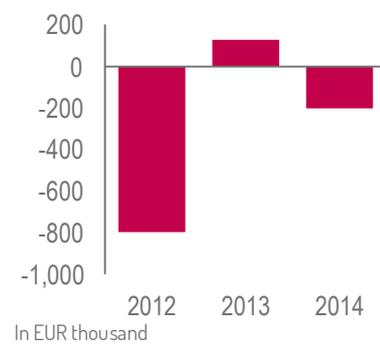
### Production Revenues



### EBITDA



### Net Earnings

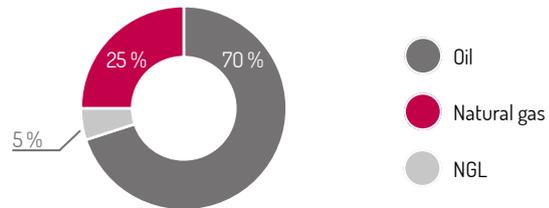


## Production data

### Output 2014 (in BOE )



### Split



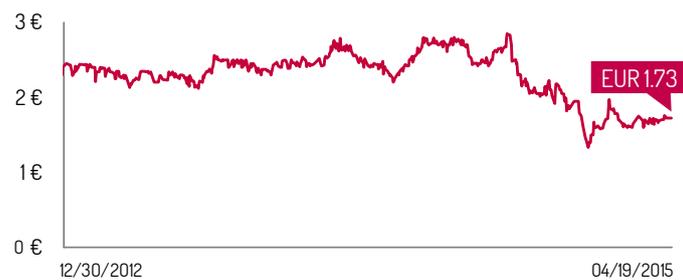
\*inc. Halls Bayou, Pill Branch, Loma Field, Adams Ranch, Gray Waterflood, Hogg Heaven, Hidalgo Frio  
Data refer to Activa's net interest; on a comparable basis, excluding the sale of projects as well as modification of the BOE conversion factors.

## Activa Resources AG shares

### Share data

ISIN	DE0007471377
WKN	747137
Symbol	NXI
Number of shares	5,466,803*
Registered capital	EUR 5,466,803*
Transparency level	Entry Standard
Market segment	Open Market
Designated Sponsor	Koch Bank AG, Frankfurt
Investor Relations	GFEI Aktiengesellschaft, Hannover

### Share price since 2013 (Xetra)



\* Outstanding shares / share capital in accordance with the commercial register

## Annual Report 2014

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### **IMPORTANT: COURTESY TRANSLATION**

This report is an abbreviated courtesy translation of the Activa Resources AG Annual Report 2014 in the German language.

## Overview 2014

### Overview

- **Clear focus on oil production in 2014**  
18 % increase in oil production and 24 % fall in natural gas production
- **28 % increase in 1P oil and natural gas reserves to 6.66 million BOE**  
Driven by OSR-Halliday and Loma Field
- **3 % increase in revenues from oil and natural gas production to EUR 5.45 million**  
Q4 pricing prevented stronger growth
- **Group EBITDA stable at EUR 2 million**  
28 % higher depreciation charges
- **Group generates small net loss of EUR 203,000**  
Results primarily from higher depreciation expenses
- **Successful refinancing of parent company debt in December 2014**  
Next maturity in November 2017
- **50 % of oil production hedged at USD 80 in 2015**  
Current production costs of USD 16.4 per BOE
- **Drilling programme postponed until 2015 Q2**  
Cost reduction programme executed, including headcount reductions

### Financial data overview

Group key figures (in EUR)	2014	2013	2012	2011	2010
IFRS					
Proceeds from the production of oil and gas	5,451,029	5,302,256	4,852,478	3,926,375	3,039,234
Other operating income	178,762	6,938	143,430	0	2,118,967
Operating Profit (EBITDA)*	2,017,920	1,957,262	1,503,114	1,166,692	2,114,049
Consolidated net result	-203,304	128,580	-797,830	-2,047,409	-192,028
Equity ratio	26 %	22 %	26 %	34 %	29 %
Total assets	23,105,649	15,010,366	13,659,476	13,022,242	13,104,967
Number of shares	5,466,803	5,203,833	5,203,833	5,178,833	3,729,446
Number of employees **	9	8	9	7	7

\* Earnings before interest, taxes, depreciation and amortization

\*\* Average

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## Management



**Leigh A. Hooper — CEO, Activa Resources AG**

Leigh A. Hooper (50) is an experienced financing expert for oil and gas projects in the US. With 15-years in senior positions at investment banks including Merrill Lynch and Barclays Bank, he also has extensive knowledge of the European capital markets. As CEO of Activa Resources AG, Mr. Hooper combines these qualities to lead Activa Resources AG towards its goal of creating a significant new oil and gas exploration company. Mr. Hooper has a BA (Hons) degree in Business Administration (Finance) from the University of Plymouth Business School.



**John Hayes — President, Activa Resources, LLC**

John W. Hayes (55) has 24 plus years hands-on oil industry experience in land management, operations management and finance. He has an established network and reputation in the oil industry and is active in various industry organizations. During his career he has overseen hundreds of millions in drilling and investment activity and operations on over 1,000 wells. He has previously held operations and management positions with several independent oil and gas companies, including Aminex USA, Inc. where he was in charge of its US Operations.



**Doug Coyle — Chief Geologist, Activa Resources, LLC**

During 16 years with Exxon Corporation, Douglas Coyle (54) established a proven track record of finding oil and gas, based on expertise in data integration and a broad based background in geophysical and geological skills. He is a successful geoscientist in both development and exploration assignments. His expertise and experience in the domestic and international arena are critical in directing Activa's interest in current projects. Mr. Coyle served as the Exploration Manager for Aminex USA, Inc. from 2000 until 2004. He has a BS in Geology from Texas A&M University and a substantial resume in post degree geologic and geophysical training and development.

## Letter to shareholders from the CEO

### Dear Shareholders,

the first nine months of 2014 with “USD 100 oil” were beckoning a highly promising year and outlook for Activa Resources. The subsequent halving of oil prices in the final quarter of the year swiftly transformed the environment to “challenging” and potentially casts a greater shadow over our industry than in 2008. In the aftermath of the financial crisis 7 years ago oil prices recovered swiftly. This time, despite the moderate recovery in the first quarter of 2015, the jury is on when or whether prices will repeat that performance is still out.

We are not betting on a swift price recovery. On the contrary, our strategy assumes a protracted period of weak pricing during the second half of 2015 and going into 2016. In addition to maintaining our production, we have implemented a number of measures to secure Activa's position in the current market environment. These include:

- our main asset OSR-Halliday has been largely de-risked in recent years, thanks to the first 8 horizontal wells all successfully drilled and on production, and generates consistent cashflows
- 50 % of our oil production is hedged in 2015 at USD 80. From February to May and July to September 2015 the remainder is hedged at USD 45
- In 2016, 50 % is hedged at an average of USD 67.5 per barrel
- We have reduced our lifting costs to USD 16.4 per barrel in 2014 Q4. Our projects are therefore economic in the current price environment
- Since November 2014 we have swiftly and aggressively executed a cost reduction programme including headcount reduction.

In addition to these strategic measures, 2014 saw us make significant operational progress with corresponding increases in production and reserves. Last year we conducted a successful drilling programme with three new horizontal wells at OSR-Halliday and a first highly successful well at Halls Bayou. These led to a 50 % y-o-y increase in our December 2014 run-rate to 400 BOED. Our overall 2014 oil production rose a further 18 % y-o-y. Despite the Q4 oil price implosion we generated higher production revenues of EUR 5.45 million and total proven (1P) reserves increased by a further 28 % to 6.66 million BOE at January 1, 2015.

We have inevitably been negatively impacted by the drop in oil and natural gas prices. In addition to the revenue impact, we also took higher depreciation charges (depletion) resulting from our decision to apply strip pricing, as opposed to SEC pricing, in calculating our reserves. This more conservative approach explains the higher depreciation charges. Had we not taken this step our group net result would have been positive.

In August 2014 we had agreed with our OSR-Halliday project partners to accelerate drilling going into 2015. The subsequent oil price collapse delayed these plans. Our current strategy is to maintain production with a reduced drilling programme in 2015. At the same time we are prepared to accelerate drilling in 2016 assuming oil prices continue to recover. Importantly, drilling and completion costs have fallen significantly so that we expect IRR's of new wells in the southern section of the field to still exceed 50 % in a USD 50/60 oil price environment. Hence, we will continue to develop the field over the next 18 – 24 months by continued drilling of horizontal wells in order and to raise production rates from the Woodbine formation and simultaneously to evaluate the other horizons.

Two important measures with regard to our debt financing were executed in 2014. In December 2014 we redeemed the two expiring parent company bonds. Refinancing details can be found on page 19. We were also able to increase the company's borrowing facility with Texas Capital Bank to USD 15 million and TCB has recently (April 2015) raised this facility again to USD 16 million. With these measures Activa is in a position to fund its medium-term growth strategy.

We also continued last year to streamline our project portfolio in order to strengthen our liquidity situation. Our acreage position in the so-called "Goodland Lime" play in Texas was sold effective December 31, 2014 for USD 430k.

As recently reported we resumed our drilling activities in April 2015 after a 6 month drilling hiatus. During the pause in drilling we have significantly reduced our cost base. This comprises headcount reductions and significant rate reductions from service providers across the board.

Our business plan continues to be focused on developing our main asset OSR-Halliday in East Texas and simultaneously developing low-risk/high-potential projects such as Halls Bayou and Pill Branch. New wells at both of these projects have recently spudded and are expected to go on production in June/July 2015.

In recent months Activa has made the appropriate adjustments to the weaker oil price environment. The outlook for the company remains positive, despite the timeline being put back.

Finally, I explicitly wish to extend my sincerest gratitude to all the employees at Activa Resources, LLC. They have worked tirelessly on the requisite G&G work across our portfolio of assets. Activa's future success is based upon their work.



Leigh A. Hooper

CEO

Activa Resources AG



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## Supervisory board's report

Dear Sir or Madam,

in the business year 2014, the Supervisory Board diligently monitored, accompanied and supported the work of the Activa Resources AG Management Board. No conflicts of interest exist between the company and the Supervisory Board members.

In a total of four Supervisory Board meetings, and in several additional meetings, the Supervisory Board thoroughly discussed all important aspects of the company's operations and questions of corporate development and policy, including strategies to be pursued with regard to oil and natural gas drilling. Each Supervisory Board meeting was fully attended by the members. As in previous years the Board focused on the performance of the US subsidiary Activa Resources, LLC and its operations. As of 2014 Q4, the measures undertaken by the Management in reaction to the fall in oil prices were discussed in detail. The Chairman and the other members of the Supervisory Board remained in close contact with the Management Board between meetings. The Supervisory Board made no use of its legal right to form committees. The Supervisory Board unanimously voted to appoint Mr. Hooper as member of the Management Board for a further five years commencing 15<sup>th</sup> September 2014.

The financial statements and the corresponding management reports of Activa Resources AG for the year 2014 at both the parent company and consolidated levels, as prepared by the Management Board, have been audited by Mittreu Revisions-und Treuhandgesellschaft m.b.H, Königstein, the elected auditor by resolution of the Annual General Meeting on July 8<sup>th</sup>, 2014, and each been given its unqualified opinion.

The financial statements, the corresponding management reports and the auditor's reports for 2014 were made available to all members of the Supervisory Board in a timely manner and were discussed in full with the auditor at the Supervisory Board meeting on May 18<sup>th</sup>, 2015. After its own thorough review, the Supervisory Board found no outstanding issues and approved the parent company and consolidated financial statements for 2014. The statements are thus confirmed in accordance with § 172 of the German Securities Law.

The Supervisory Board expresses its appreciation to the Activa Resources AG Management Board and to the employees of its US subsidiary for the work it has accomplished.

Bad Homburg, May 2015



Walter Blumenthal

Supervisory Board Chairman

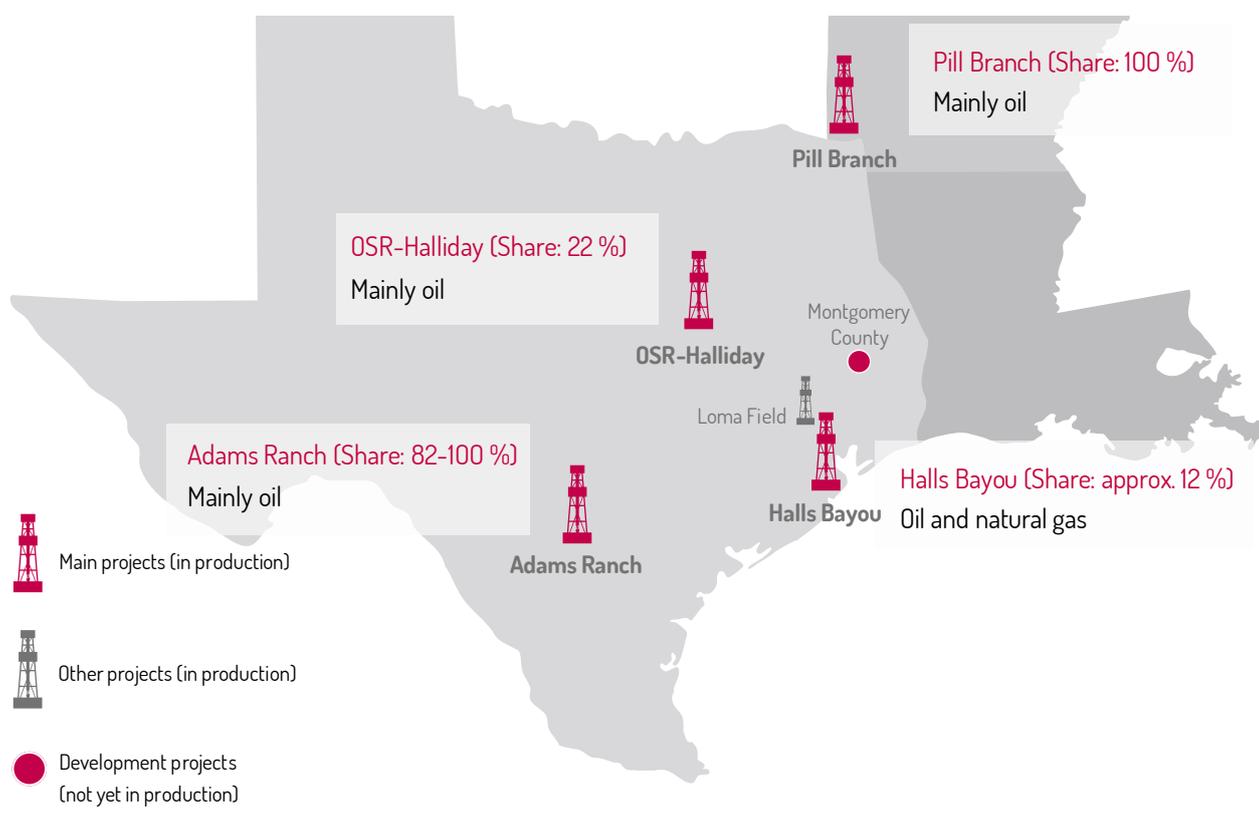
## Operations report

- 3 new OSR-Halliday horizontal wells put on production
- First vertical well put on production at Halls Bayou
- EUR 6.33 million invested in operations
- Strong increase in oil production; natural gas production cut back again
- Production costs running at USD 16.4 per BOE in 2014 Q4
- Active hedging policy in place

Activa's operations are executed entirely through its wholly-owned US subsidiary Activa Resources, LLC which made further significant operational progress in 2014.

Four new wells were drilled and put on production leading to higher oil production volumes, revenues and reserve estimates. Three of the new wells saw first production in the Autumn, hence their impact is only partially reflected in the 2014 production numbers. As a result of the Q4 oil price collapse revenues grew at a slower rate than production volumes.

## Project overview



Activa's net production of oil in 2014 increased 18 % to 70,925 BO (vs. 60,304 BO in 2013). The increase is primarily attributable to the sixth and seventh horizontal wells at OSR-Halliday which went on line in April and August 2014 respectively. Net production of natural gas declined 24 % to 24,988 BOE. Net production of natural gas liquids was unchanged at 5,244 BOE.

Overall annual production therefore comprised 70 % (61 %) oil, 25 % (34 %) natural gas and 5 % (unchanged) natural gas liquids. Production shifted therefore further to oil during 2014 as planned.

#### Production costs

Activa's total production costs (lease operating expenses and production taxes) in Q4 2014 amounted to USD 16.4 per BOE (FY 2014: USD 20) with the following breakdown:

- OSR-Halliday (79 % of production): USD 14.2 per BOE
- Halls Bayou (8 % of production): USD 3.9 per BOE
- Pill Branch (2 % of production): USD 15.3 per BOE
- Adams Ranch (2 % of production): USD 45.2 per BOE
- Other production (9 % of production): USD 39.7 per BOE

The dollar contribution per barrel at current market prices is still significant. 89 % of Activa's oil and natural gas production is producing at USD 15 or less per BOE. At the four main development projects, which currently account for 91 % of total production, the Q4 figure is USD 14.0 per BOE. In particular, Activa's main asset, OSR-Halliday, remains commercial at today's prices.

#### Main projects

Project	Location	Area (acres)	Interest	Operator
OSR-Halliday	Leon / Madison Counties, Texas	16,400	22.1 %	Woodbine Prod. Co, Woodbine
Halls Bayou	Brazoria County, Texas	1,200	12 %	Kaler Energy, San Antonio
Pill Branch	Miller County, Arkansas	1,600	100 %	Activa Resources
Loma Field	Galveston County, Texas	600	14.5 - 25 %	Activa Resources
Adams Ranch	Medina County, Texas	2,000	82 - 100 %	Activa Resources

## Hedging policy

Activa has an active hedging policy in place. In the past typically up to 30 % of Activa's oil production was hedged via USD 80-106 costless collars. These partially expired in August 2014. For the duration of 2015 Activa is hedged with USD 80 WTI puts on 3,000 B0 per month (covering 50 % of total oil production of approx. 6,000 B0 per month). In 2015 Q1, USD 45 puts on the remaining 3,000 B0 per month for February to May and July to September 2015 were purchased in order to protect the company in the event of a further decline in WTI. Activa therefore has currently (May 2015) 100 % of its oil production hedged at an average of USD 62.5 per barrel.

During the first quarter of 2015 the USD 80 WTI hedge generated income of USD 90,000 per month. The current market value of the hedge exceeds USD 1 million.

In 2016, USD 80 WTI puts and USD 55 WTI puts each covering 1,500 B0 per month are in place.

## Projects

### OSR-Halliday, Texas

OSR-Halliday is Activa's main oil producing asset. Despite its fifty year oil production history Activa's G&G work suggests that only approximately 8 % of oil in place has been recovered to date from the sole producing horizon, the Woodbine formation. Activa and its project partners are in the process of proving up potentially 18.6 to 24 million barrels in economically recoverable primary reserves from the Woodbine formation. Over 50 initial well locations have been identified for drilling over the coming years with the potential to increase the well density and resulting number of locations for development of the Woodbine. Reserves from other oil-bearing horizons which are being shown to be productive as the play moves further east towards OSR-Halliday are not included in this figure.

In 2014 Activa participated in drilling 3 new horizontal wells (the sixth, seventh and eighth overall), each of which was successfully drilled and put on production. Key performance data is detailed below.

### OSR-Halliday drilling results 2014

Well No.	Name	First Prodn	IP rate (BOED)	Prodn thru 12/2014 (BOE)	EUR (BOE)
6	78-2H	22 April 2014	500	79,000	315,000
7	105-6H	28 August 2014	600-700	68,000	530,000
8	108-3H	28 October 2014	100	7,000	70,000

*IP Rate = Initial Production Rate / Day*

*EUR = Estimated Ultimate Recovery*

The performance of the three wells is varied. In short, with an Estimated Ultimate Recovery (EUR) of 315,000, the 6<sup>th</sup> is below our type curve for the southern end of the field which is an EUR of 490,000 BO. The 7<sup>th</sup> well is significantly stronger with an EUR of 530,000 BO. The 8<sup>th</sup> well encountered mechanical problems such that the well has to date only been producing from 3 out of 26 fractured stages (update this in due course).

In August 2014 the project partners agreed to accelerate drilling in 2015 by drilling 4-8 new horizontal wells. This programme was subsequently revised downwards as a result of the collapse in oil prices in Q4. Specifically, the 9<sup>th</sup> well, initially scheduled for December 2014, has been postponed until 2015 Q3. At the time of writing, two wells are set for drilling in 2015.

Overall, with the exception of the very first well drilled (12-H), whose lateral orientation was poor, and the 8<sup>th</sup> well (described above), the well performance in the southern section of the field has on average been in line with our targetted EUR of 400,000 to 500,000 BOE, which supports our expectations that over 20 million BO can be produced from the Woodbine formation with primary production methods on the group's 16,400 acre lease.

Worthy of note is the performance of the 4<sup>th</sup> horizontal well (96-4H), on production since May 2013, whose estimated EUR is now running at 741,000 BO plus natural gas and liquids. This is set to be the best will drill to date with a total EUR of approx. 1 million BOE.

The primary oil production at OSR-Halliday since 1962 has been entirely from the Woodbine formation. Activa's team of geologists and petroleum engineers believe other horizons are prospective on our acreage and provide significant upside potential. The Dexter interval approximately 150 feet below the Woodbine, the Original Oil in place (OOIP) is estimated at over 300 million barrels.

EOG Resources Inc. reportedly drilled a good horizontal Dexter well West of OSR-Halliday in 2014. A second well has been drilled off the same drilling pad which is scheduled for completion in Q2. Given the current oil price environment Activa and its partners at OSR-Halliday are not planning to drill a Dexter well in 2015.

#### Halls Bayou, Texas

Halls Bayou is the first of four clearly defined prospects on 1,200 acres in an area on trend with Activa's Loma Field project in Galveston County. Each prospect holds the potential for multiple wells.

The HB No. 1, a 12,000 ft vertical well, was put on production in November 2014 at rates of 450 BOED. Production since then has averaged over 550 BOED and the well continues to produce at that rate. Although the well could produce at higher daily rates, the project partners decided not to increase production rates in the current pricing environment. The EUR of the well is estimated at 1.5 million BOE. The second Halls Bayou well was spudded from the same pad in April 2015 and reached a total depth of 12,500 feet on May 20.

The total potential of this first prospect exceeds 3 million BOE. Activa owns an approximate 12 % project interest. Activa and its partners expect to drill an additional prospect in Q4.

#### Pill Branch, Arkansas

Activa has undertaken significant G&G work and is setting up the prospect to be viable for development with vertical and/or horizontal wells. The first vertical well was drilled and put on production in September 2013. It continues to produce in line with expectations.

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Activa's technical team has drawn up a revised development plan to ensure commercial viability in the current pricing environment. Drilling and completion costs are approx. 25 % lower than last summer. The second vertical (Ford Heirs No. 1) well at Pill Branch was drilled in May and is set to go on production in June.

#### Adams Ranch, Texas

At Adams Ranch Activa has produced small quantities of oil and natural gas for several years. Oil is primarily produced with conventional drilling methods from the Escondido formation at a depth of 400 feet. A total of 19 stripper-type wells are on production.

In 2013 and 2014 the main initiative was the development of a waterflood project to materially increase production rates. Waterflooding is estimated by Cobb & Associates, independent petroleum engineers, to achieve in excess of 20 % recovery rates of "Original Oil In Place" (OOIP) of over 13 million barrels. This equates to a potential of over 2 million barrels net to Activa. In early 2014 Activa was granted the required waterflood permits and the first waterflooding attempt was undertaken with one injection well. This proved unsuccessful on its own and a further two injection wells are planned for 2015 in order to create more movement in the formation. Additional production methods, including microbial treatment, are also being reviewed.

Meanwhile, oil is also being produced from one Austin Chalk well from a depth of 1,700 feet. There are ten additional locations for further drilling at this depth. The Anaconcho formation at approximately 900 ft is also highly prospective with offset producers generating 30-40 BOD per well. These successes have triggered an offset drilling obligation for Activa. Two wells will be drilled at a cost of USD 75k each in 2015. The first of these spudded in May 2015.

While Activa is working on a number of initiatives to increase production of oil from various depths, a decision was made at the end of 2014 to shut in all natural gas production because of poor economics at natural gas prices under USD 3 (Henry Hub).

#### Loma Field, Texas

Although production of natural gas at Loma Field continued to drop in 2014, the first well in which Activa participated (Sunny Ernst No. 2) has been an exceptional performer since going on production in 2008. Activa plans to propose a new well (Sunny Ernst No. 4) during 2015 to the project partners. A drilling schedule will be determined in due course.

### Further project updates

Activa's additional projects (Hidalgo Frio, Hogg-Heaven) accounted for approx. 4 % of Activa's revenues in 2014. The Montgomery County prospect, a higher-risk internally generated drilling prospect with reserve potential of 475 BCF of natural gas and 12.8 million barrels of condensate, remains on hold.

### Acreage sale

Activa disposed its interest in 2,000 acres of the Goodland Lime Prospect in Smith County, Texas effective December 31, 2014 to Chesapeake Energy Corporation. Activa had acquired the acreage position in early 2014 for USD 205k with the aim of possibly building the position before commencing development operations. The interest was sold for USD 433k, resulting in a book gain of USD 228k, recorded in the 2014 financial statements.

### Reserves

Activa achieved a significant increase in proven oil and natural gas reserves in 2014.

Total 1P reserves increased by 28 % to 6.66 million BOE at 1<sup>st</sup> January 2015 (vs. 5.19 million BOE one year ago). This comprises an annual 20.8 % increase in proven oil reserves and a 59.1 % increase in proven natural gas reserves. The 1P oil-to-gas mix is 69/31. The increase in both oil and natural gas reserves is primarily attributable to the aforementioned drilling successes at OSR-Halliday and Halls Bayou in addition to the booking of additional / up-dip natural gas reserves at Loma Field. Changes at Activa's other projects were negligible.

The value of Activa's proven reserves increased 13.7 % y-o-y from USD 92.9 million to USD 105.6 million (PV10) at 1<sup>st</sup> January 2015. The smaller magnitude of the increase relative to the increase in volumes is attributable to weaker forward price expectations for oil (Nymex).

Total 2P reserves increased by 13.9 % to 9.68 million BOE at 1<sup>st</sup> January 2015 (vs. 8.50 million BOE one year ago). This comprises a 6.8 % increase in 2P oil reserves y-o-y and a 48.6 % increase in proven natural gas reserves. The value of Activa's 2P reserves fell 10.6 % from USD 188.1 million to USD 168.6 due to pricing considerations as described above.

Activa's year-end 2014 reserve estimates are based upon strip pricing as of January 1, 2015 (forward pricing curve), unlike in previous years where SEC pricing (prior year averages) were used. Although Activa could use SEC pricing management considered the application of strip pricing to be a more conservative approach and obviously more reflective of the price environment in early 2015 when the reserve report was prepared.

## Summary of Reserves

	Proven				Probable			
	Barrels	MCF	FNR	PV 10	Barrels	MCF	FNR	PV 10
Adams Ranch	28,300	63,760	611,940	475,580	1,456,210		65,252,620	27,503,830
Loma Field	163,500	3,895,830	18,150,330	12,892,720	3,630	96,000	454,920	303,030
OSR-Halliday	4,095,270	7,169,570	201,734,820	82,313,540	648,750	1,167,760	39,435,550	17,358,130
Pill Branch	162,270	0	6,889,650	2,641,310				
Halls Bayou	140,370	429,080	10,360,720	5,718,960	181,460	544,360	12,838,140	6,610,870
Rest	35,800	660,980	3,291,660	1,567,950	335,080	529,470	19,570,690	11,230,630
<b>Total</b>	<b>4,625,510</b>	<b>12,219,220</b>	<b>241,039,120</b>	<b>10,5610,060</b>	<b>2,625,130</b>	<b>2,337,590</b>	<b>137,551,920</b>	<b>63,006,490</b>

FNR = Future Net Revenue, PV 10 = Present Value discounted at 10 %



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## Investor relations report

### Share price development

Activa Resources AG shares performed disappointingly in 2014 as a result of the collapse in oil prices and underperformed Germany's main DAX index and the Entry Standard index.

From its 2013 year-end level of EUR 2.52 per share Activa shares posted moderate gains during the first half of the year and peaked at EUR 2.80 in September on the back of high oil prices and further drilling successes. The share price fell in the fourth quarter as oil prices dropped and ended the year at EUR 1.95.

In May 2015 the shares were trading at EUR 1.70. The market capitalisation amounted to EUR 9.3 million.

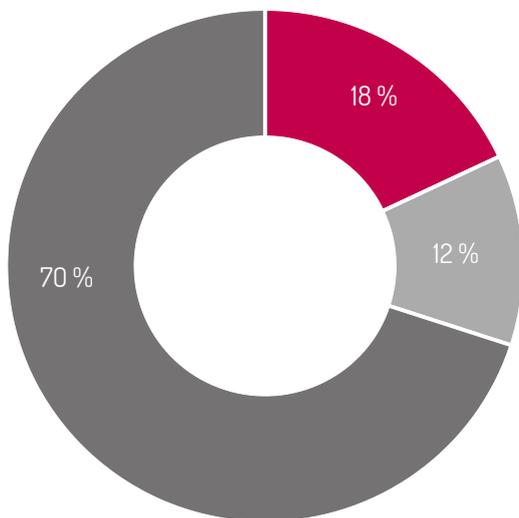
### Indexed price trends in 2013 / 2015



### Shareholder structure

The shareholder structure of Activa Resources AG can be summarised as follows: The Management Board and key officers of the company hold approximately 17 % of the company's outstanding share capital. A further 12 % is held by Zwick Partners LP, Charlotte, USA who have steadily built their position over the past year. According to the definition standards of the Deutsche Börse the freefloat therefore amounts to approximately 83 %. The freefloat comprises holdings of asset management companies, publicly-traded equity funds and private investors.

### Shareholder structure



- Freefloat
- Management
- Zwick Partners LP

Total number of shares at 30 April 2015: 5.466.803

### Corporate Bonds

Activa redeemed two maturing bonds totalling EUR 2.44 million on 4<sup>th</sup> December 2014, comprising an outstanding amount of EUR 0.39 million (incl. premium) of the 8 % corporate bond 2010/2014 and EUR 2.05 million (incl. premium) of the 8 % convertible bond 2011/2014. In addition, Activa bought EUR 0.34 million in the bonds shortly prior to maturity through market purchases.

The bond redemption was financed via private placements of the Activa Resources AG 8 % corporate bond 2013/2017 and the company's credit facilities. Following the redemption of the two bonds the only outstanding Activa Resources AG bond is the aforementioned 2013/2017 bond, whose volume stood at EUR 3.59 million at year-end 2014. During 2015 Q1 the outstanding volume was raised to EUR 4.58 million via private placements. The bond can be increased to EUR 5 million.

Since the 2011 issuance of the convertible bond approx. EUR 1.25 million or 40 % of the original issue amount were converted into 0.63 million new shares at EUR 2 per share. Activa's nominal share capital increased from EUR 5.20 million to EUR 5.47 million (5.47 million shares outstanding) as a result of bond conversions in 2014. The increase was recorded by the Bad Homburg corporate register on 22<sup>nd</sup> January 2015.

### Analysts issue BUY recommendation for Activa Resources AG shares

Having initiated research coverage of Activa Resources AG in November 2013 with a BUY recommendation and price target of EUR 5.20, First Berlin Equity Research raised its price target to EUR 5.60 in a new report published April 2014. The report referred in particular to the company's improving profitability and the undervaluation of Activa Resources AG shares compared to its peers. In November 2014, First Berlin released a further update in which it raised its price target to EUR 6.70.

### Investor Relations activities

During 2014 Activa kept its shareholders well informed of its business developments. In addition to regular financial reports, the company's quarterly newsletter and corporate news releases, the Management provided numerous

updates to investors, analysts, journalists and other interested parties. The Management also presented the company and its activities during domestic and international investor roadshows and investor conferences. Further information can be found on the Investor Relations pages of the corporate website [www.activaresources.com](http://www.activaresources.com).

### Corporate bond data of Activa Resources AG's 8 % corporate Bond 2013/2017

ISIN	DE000A1YCS50
Loan amount at 03/31/2015 (in EUR million)	4.58
Maturity	November 2017
Nominal value (in EUR)	100
Premium at maturity	0 %
Price at 05/14/2014	95 %

### Key company data

WKN (German securities identification number)	747137
ISIN	DE0007471377
Stock symbol	NXI:GR
Bloomberg code	NXI:GR
Reuters code	NXIG.DE
Number of shares issued by 12/30/2014	5,466,803
Share price at 12/30/2014 (in EUR)	1.69
Market capitalization at 12/30/2014 (in EUR millions)	9.2
Share price at 04/30/2014 (in EUR)	1.70
Market capitalization at 04/30/2014 (in EUR millions)	9.3
52-week high (in EUR)*	2.85
52-week low (in EUR)*	1.33
Average trading volume per day (52 weeks)*	14.969
Market Segment / Transparency Level	Freiverkehr / Entry Standard
Stock exchanges	Xetra, Frankfurt, Stuttgart, Düsseldorf, Berlin, München
Designated Sponsoring	Koch Bank AG, Frankfurt
Investor Relations	GFEI Aktiengesellschaft, Hannover

\*at 05/18/2015



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## Group management report

### Company Profile

Activa Resources AG is listed on the Entry Standard market segment of the German Stock Exchange (Deutsche Börse) and fully owns, directly or indirectly, the following companies:

- Activa Holding Corporation, Wilmington, Delaware, USA
- Activa Resources LLC, San Antonio, Texas, USA.

The Group Financial Report is published according to International Financial Reporting Standards (IFRS).

Activa Resources is a German producer of oil and natural gas in the USA, primarily in Texas.

### Economic Report

According to the IMF global economic growth was moderate in 2014 at 3.4 %. Growth in advanced economies was stronger than in 2013 while there was a slowdown in growth in the emerging market and developing economies. The IMF outlook is largely positive with global growth projected to reach 3.5 percent and 3.8 percent in 2015 and 2016, respectively.

Developments in the global energy sector changed dramatically in the second half of 2014 as oil prices halved as a result of the build-up of excess supplies. This has its origins in the well-documented recovery of US oil production in recent years and Saudi Arabia's announcements in the Autumn of 2014 that it is no longer willing to cede market share to other producers. Hence, Saudi Arabia is no longer acting as the world's swing producer.

Accordingly, the International Energy Agency (IEA) described the global energy system in its 2014 World Energy Outlook (published November 2014) as "under stress" with numerous challenges. A year earlier in its 2013

report the IEA had already stated: "Technology and high prices are opening up new oil resources, but this does not mean the world is on the verge of an era of oil abundance". In its new report it adds: "The short-term picture of a well-supplied oil market should not disguise the challenges that lie ahead as reliance grows on a relatively small number of producers".

US oil prices remained at historically high levels until the third quarter of 2014 and subsequently collapsed. This contrasts materially with the previous year in which US oil prices (WTI) traded in a narrow range between a low of USD 92 per barrel and a high of USD 107 per barrel. At the end of 2014 WTI stood at USD 53.4 (vs. USD 97.9 twelve months prior). The 2014 average oil price (WTI) of USD 93.3, only slightly lower than the previous year average of USD 97.9, belies the intensity of the downward price move in 2014 Q4. At the end of April 2015 WTI traded at approximately USD 60 per barrel.

US natural gas prices were on average higher again in 2014. After an increase of 36 % y-o-y in 2013, the average natural gas price (Henry Hub) rose a further 21 % from USD 3.73 (per million btu) in 2013 to USD 4.52 in 2014. During 2014, however, natural gas prices trended lower after a strong Q1, ending the year at USD 3.14. During the first quarter of 2015 prices trended lower towards USD 2.50.

(Sources: IMF, IEA)

## Business Development

Operational progress in 2014 across Activa's project portfolio is reflected in the company's oil and natural gas production and revenues as well as its oil and natural gas reserves.

The company's revenues are correlated to the volumes of oil and natural gas it produces and movements in US oil and natural gas prices. The business development of the US operating subsidiary Activa Resources, LLC in San Antonio, Texas is the primary factor determining the performance of the Activa Resources AG group.

The positive operational performance in 2014 resulted primarily from the new horizontal wells put on production at OSR-Halliday in East-Texas and the initial vertical well drilled at the Halls Bayou prospect, also in Texas. As a result, Activa raised its oil production by 18 % in 2014.

The relevant US oil price (WTI) remained at historically high levels during the first three quarters of the year but collapsed by 50 % in the fourth quarter. Group pre-tax operating profits remained positive, but fell from EUR 0.82 million by EUR 0.26 million to EUR 0.56 million. After interest expenses of EUR 0.76 million and taxes of EUR 4,300 a group net loss of EUR 0.2 million was recorded vs. a net profit of EUR 0.13 million in 2013.

The company had no R&D expenses in 2014.

## Group Financial Situation

### Assets

The consolidated balance sheet total increased by 54.0 % from EUR 15.01 million to EUR 23.11 million. This reflects higher capitalised investments and currency effects (the stronger USD/EUR exchange rate at year-end).

With regard to the development of Activa's assets, capitalised investments in oil and natural gas properties

rose 50.1 % from EUR 12.55 million to EUR 18.84 million. This figure comprises EUR 16.80 million (2013: EUR 10.97 million) capitalised costs of producing properties and EUR 2.04 million (2013: EUR 1.58 million) capitalised costs of properties yet to be developed.

Accounts receivable less accounts payable amount to a net figure of EUR 2.36 million vs. EUR 1.61 million in the prior year. This figure includes payments of EUR 0.70 million relating to OSR-Halliday. Cash on hand amounted to EUR 0.52 million (prior year EUR 0.46 million).

Shareholders equity at the year end increased from EUR 3.30 million to EUR 5.91 million. This includes equity from unrealised hedging gains of EUR 1.02 million.

### Capital Expenditures

Activa invested EUR 6.32 million in drilling and completion costs in 2014 (vs. EUR 3.45 million in 2013). These investments were made to increase the company's production of oil and natural gas, to further development and value creation of the company's existing project portfolio and to increase proven reserves. Activa's interest in the Goodland Lime prospect was sold in 2014.

### Financial Position

Group financial debt rose from EUR 10.45 million to EUR 15.07 million. This comprises an outstanding amount of EUR 3.49 million relating to the 2013/2017 corporate bond issued by the parent company (vs. three outstanding bond issues at year-end 2013 totalling EUR 4.46 million) and EUR 11.58 million partial draw down at the subsidiary level from the Texas Capital Bank borrowing facility. Redeterminations of the facility occur twice annually. In April 2015 it was increased to USD 16 million. Group financial debt accounts for 65.2 % of the balance sheet total (prior year 69.6 %).

Activa repaid the outstanding nominal amount of EUR 0.37 million of the 8 % corporate bond 2010/2014 and the non-converted amount of EUR 1.86 million of the 8 % convertible bond at maturity on 4<sup>th</sup> December 2014.

In order to provide cashflow continuity from sales of oil and natural gas the US subsidiary Activa Resources LLC engages in put transactions (hedging) pertaining to a part of the company's production. Capital expenditures are financed through a combination of free cashflows, draw-downs of the US borrowing facility and debt issuance by the parent company.

#### Liquidity

Cash and cash equivalents increased by EUR 0.06 million y-o-y to EUR 0.52 million. The cash-effective changes in cash and cash equivalents comprise cashflow from current business activities of EUR 0.37 million (vs. EUR 0.80 million in 2013), cashflow from financing activities of EUR 6.24 million (vs. EUR 1.96 million in 2013) and changes in cash and cash equivalents resulting from currency fluctuations of EUR -0.04 million (vs. EUR 0.07 million in 2012) less the cashflow impact of investments totalling EUR 6.15 million (vs. EUR 2.93 million in 2012). During the business year the company had sufficient liquidity at all times and settled all financial obligations, in particular the redemption of the parent company corporate bonds which matured in December 2014, in a timely manner.

#### Profitability

Revenues from sales of oil and natural gas increased by 2.8 % from EUR 5.30 million to EUR 5.45 million. In USD terms, production revenues rose 2.6 %. Production revenues were generated by various projects, all of which are located in Texas, USA. Other income from the disposal of acreage amounted to EUR 0.17 million.

Costs of operations increased by 18.6 % from EUR 1.32 to EUR 1.56 million. As a percentage of production revenues, overall costs of operations amounted to 28.6 % vs. 24.8 % in the prior year.

Personnel costs were reduced by 6.8 % from EUR 1.20 million to EUR 1.12 million.

Depreciation expenses increased by 28.1 % to EUR 1.46 million (vs. EUR 1.14 million in 2012) and comprise primarily Expenses for Depreciation, Depletion and Amortization ("DD&A"). Expenses for impairments, project abandonment and dry hole costs fell from EUR 0.04 million to EUR 0.02 million and are therefore insignificant.

Other operating expenses increased by EUR 0.1 million to EUR 0.94 million.

Group operating profits fell 31.7 % from EUR 0.82 million to EUR 0.56 million. After the net financial result totalling EUR -0.76 million (EUR -0.67 million in prior year) and unchanged tax expenses of EUR 0.01 million a consolidated group net loss of EUR 0.20 million (vs. prior year net profit EUR 0.13 million) was recorded.

### Subsequent Events

There were no significant events after the year-end.

### Opportunities Report

The company's business model is to invest in the development of projects together with local companies that are specialised in oil and natural gas projects. The company's strategy is based on its core geological competence and seeks to take oil and gas projects from the drawing board through to the discovery, production and sale of oil and gas. To implement this strategy, mineral rights must be purchased and proportional drilling costs must be paid in order to determine whether the commercial production of oil and/or natural gas is possible. Repayment of the invested capital is only possible upon successful production of oil and natural gas. To minimise the impact of dry holes, the company takes a portfolio approach in which investments are made in a number of projects with varying risk profiles. This is where the company sees its opportunity to succeed in the energy market.

### Risk Report

The company's business activities are generally subject to the inherent risks of the oil and natural gas business. These risks include the costs of drilling for the development of new wells, as well as estimates of oil and natural gas production and cash flows. Important factors which can lead to a deviation of the actual results from forecasts include technical and mechanical problems or unforeseen geological circumstances in which commercial exploitation of the reserves prove to be infeasible. The business model is also highly dependent upon the company's ability to access capital to conduct its drilling operations.

With regard to the company's debt financing the next maturity debt is November 2017 (Activa Resources AG 8 % Corporate Bond 2013/2017).

The company's future growth and success are particularly dependent on its ability to put new wells on production and oil and natural gas prices. The Management Board is kept regularly informed about the course of business and project progress, enabling it to recognise inherent risks early on and to take appropriate action to counter them.

The company's success is also dependent upon the specialised oil and gas know-how of its employees. There is a general risk that this know-how will not be available to the company in the long-term due to fluctuation. The company aims to minimise this latent risk through an appropriate compensation programme.

The company refinances itself both in Euros and US Dollars. Latent currency risks exist through the financing of Activa Resources, LLC by the parent company in US Dollars. The Management Board constantly monitors these risks.

The US subsidiary is currently reviewing a possible contingent payment obligation with regard to the sale of the OSR-Halliday by a prior owner in 1983. Activa made payments totalling USD 846.000 in 2014 recorded as a receivable. If the claim is determined to be valid Activa will book an amount of USD 3.39 million as a long-term liability. The payment would ensue via a 7.8 % production payment.

### Outlook

After a 6 month drilling hiatus Activa Resources resumed its drilling activities in April 2015. With three new wells currently being drilled, which are expected to go on production mid-year, overall production levels in 2015 are expected to be at least maintained. In order to compensate for the weaker pricing environment the management has made the requisite adjustments to the company's cost base and implemented a comprehensive hedging programme. Notwithstanding a collapse in US oil prices from current levels, the company's strategic plan is to execute its business model and growth strategy in the coming years by consistently developing its oil and natural gas assets.

Bad Homburg, Mai 14<sup>th</sup> 2015

Activa Resources AG



Leigh A. Hooper

CEO

## Group balance sheet

Assets	12/31/2014	12/31/2013
	Euro	Euro
<b>Fixed assets</b>		
Mining rights, drilling and development costs	18,839,608	12,553,594
Property and equipment	30,418	43,418
	<b>18,870,026</b>	<b>12,597,012</b>
<b>Current assets</b>		
Accounts receivable	3,714,805	1,956,747
Securities	1	1
Liquid assets	520,817	456,606
	<b>4,235,623</b>	<b>2,413,354</b>
<b>Total assets</b>	<b>23,105,649</b>	<b>15,010,366</b>
<b>Liabilities</b>		
	12/31/2014	12/31/2013
	Euro	Euro
<b>Equity</b>		
Capital stock	5,466,803	5,203,833
Capital reserves	650,833	-2,030,454
Annual profit/loss	-203,304	128,580
	<b>5,914,332</b>	<b>3,301,959</b>
<b>Long-Term liabilities</b>		
Financial debt	15,069,893	7,446,839
<b>Short-Term liabilities</b>		
Financial debt	0	3,019,061
Liabilities from goods and services	1,350,492	348,949
Provisions	548,671	484,227
Other short-term liabilities	222,261	409,331
	<b>2,121,424</b>	<b>4,261,568</b>
<b>Total liabilities</b>	<b>23,105,649</b>	<b>15,010,366</b>

## Group profit and loss statement

	2014	2013
	Euro	Euro
<b>I. Profit and Loss</b>		
Production revenues	5,451,029	5,302,256
Other operating income	178,762	6,938
	<b>5,629,791</b>	<b>5,309,194</b>
Operating expenses		
Cost of operations	-1,559,338	-1,314,919
Personnel expenses	-1,116,645	-1,197,736
Depreciation and amortization	-1,459,532	-1,142,624
Other operating expenses	-935,888	-839,277
	<b>-5,071,403</b>	<b>-4,494,556</b>
Operating result	<b>558,388</b>	<b>814,638</b>
Financial result	<b>-757,368</b>	<b>-673,285</b>
Profit/loss before taxes	-198,980	141,353
Taxes on income and earnings	-4,324	-12,773
Net profit/loss	-203,304	128,580
Consolidated net result	<b>-203,304</b>	<b>128,580</b>
<b>II. Comprehensive income statement</b>		
Costs of raising equity	0	0
Increase from cash flow hedging	1,058,781	-30,251
Change resulting from currency translation	1,178,362	-357,160
Other comprehensive income	2,237,143	-387,411
Consolidated comprehensive income	<b>2,033,839</b>	<b>-258,831</b>
Result per share (non-diluted)	-0.04	0.02
Result per share (fully-diluted)	-0.03	0.02

## Group cash flow statement

	2014	2013
	Euro	Euro
<b>Cash flow from operating activities</b>		
Net profit/loss	-203,304	128,580
<b>Reconciliation of net profit to cash flows from operating activities</b>		
Depreciation of fixed assets	1,454,099	1,142,624
<b>Changes to assets and debt not related to the investment or financing activities</b>		
Accounts receivable from goods and services	-1,758,058	-91,505
Liabilities from goods and services	1,001,543	-296,682
Provisions	64,444	19,904
Other short-term liabilities	-187,070	-106,645
<b>Cash flow from current business activities</b>	<b>371,654</b>	<b>796,276</b>
<b>Cash flow from investments</b>		
Investments in mining rights, drilling and development costs	-6,319,825	-3,445,920
Investments in fixed assets	-5,928	-5,015
Income from divestment	173,190	521,959
<b>Cash flow from investments</b>	<b>-6,152,563</b>	<b>-2,928,976</b>
<b>Cash flow from financing activities</b>		
Capital increase	262,970	0
Payments in to the capital reserve	315,564	0
Cashflow Hedge	1,058,781	-30,251
Changes to liabilities to credit institutions	7,623,054	-1,025,917
Change in current financial liabilities	-3,019,061	3,019,061
<b>Cash flow from financing activities</b>	<b>6,241,308</b>	<b>1,962,893</b>
Cash impact of changes in liquid assets	460,399	-169,807
Changes to liquid assets through exchange rates	-396,188	68,130
Liquid assets at the beginning of the business year	456,606	558,283
<b>Liquid assets at the end of the business year</b>	<b>520,817</b>	<b>456,606</b>



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