



ASX Announcement

28 November 2016

Execution of Share Purchase Agreement for Lakes Oil to Acquire 100% of NavGas

Following its previous market releases of 3 and 6 October 2016, the Board of Directors of Dark Horse Resources Ltd (Dark Horse, the Company, ASX: DHR) is pleased to advise that the Company has executed a Share Purchase Agreement (SPA) with ASX-listed Lakes Oil NL (Lakes Oil, ASX: LKO) for Lakes Oil to acquire the remaining 96% of the shares of NavGas Pty Ltd (NavGas). The minority shareholders of NavGas are also party to, and have executed, the SPA.

Execution of the SPA formalises the arrangement announced on 6 October 2016, when the parties entered into a Heads of Agreement relating to the acquisition of NavGas. Key terms of the SPA include:

- The vendor parties to the SPA are Dark Horse Resources Limited (which owns 92.78% of NavGas) and two individuals (together owning 3.22% of NavGas). Lakes Oil already owns 4.00% of NavGas.
- Consideration for the purchase will be the issue to the vendor parties of 9.6 billion shares in Lakes Oil.
- The SPA is conditional upon Lakes Oil obtaining the approval of its shareholders for the acquisition of NavGas. This will be sought by Lakes Oil at its deferred Annual General Meeting, which is scheduled to be convened in January 2017.
- Completion of the acquisition is to take place within 5 days of Lakes Oil obtaining shareholder approval.
- The vendor parties and Lakes Oil have provided each other with reasonable, customary and balanced warranties and indemnities.

Following completion of the NavGas acquisition by Lakes Oil, Lakes Oil proposes to proceed with a capital raising that will afford all Lakes Oil shareholders the opportunity to participate. DGR Global has agreed, subject to the settlement of the SPA, to underwrite the Lakes Oil capital raising to the extent of \$1.5 million.

About NavGas

NavGas was established by Dark Horse in 2012 as a separate oil and gas focussed company, founded on several petroleum licence applications made over a prospective province within South Australia. In 2014, NavGas was the successful tenderer for ATP 1183 on the Roma Shelf in Queensland. Further details are outlined below in brief.



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Pirie Torrens Basin Oil & Gas Project – South Australia

The Pirie Torrens oil & gas project incorporates six (6) PELA's (Petroleum Exploration Licence Applications) covering approximately 53,000km² and is located in South Australia as outlined in **Figure 1**. The project was originally generated by the Company on the basis of its potential prospectivity for unconventional shale gas.



Figure 1: Pirie Torrens Project area in South Australia held by NavGas.

As part of NavGas' detailed review of historical data for the South Australian shale gas project applications, records of an area of historic oil shows extending over 70km² at Wilkatana (within PELA 631) have been revealed, and which may subsequently have remained unexplored for the past 50 years (refer **Figure 2**).

The Wilkatana area appears to represent a super giant Cambrian aged oil field which has been breached by erosion. Oil and gas shows occur in Cambrian reef limestones and adjacent Proterozoic aged Pound Quartzite and overlying Tertiary sediments.

The area to the north over the Torrens Hinge Zone covers an area of 2,200km² east of the Torrens and plunges at a shallow angle to the north with potential for additional traps in Cambrian reef limestones and Proterozoic sandstone units in fold closures at the Torrens Hinge Zone and against Cambrian salt diapirs.

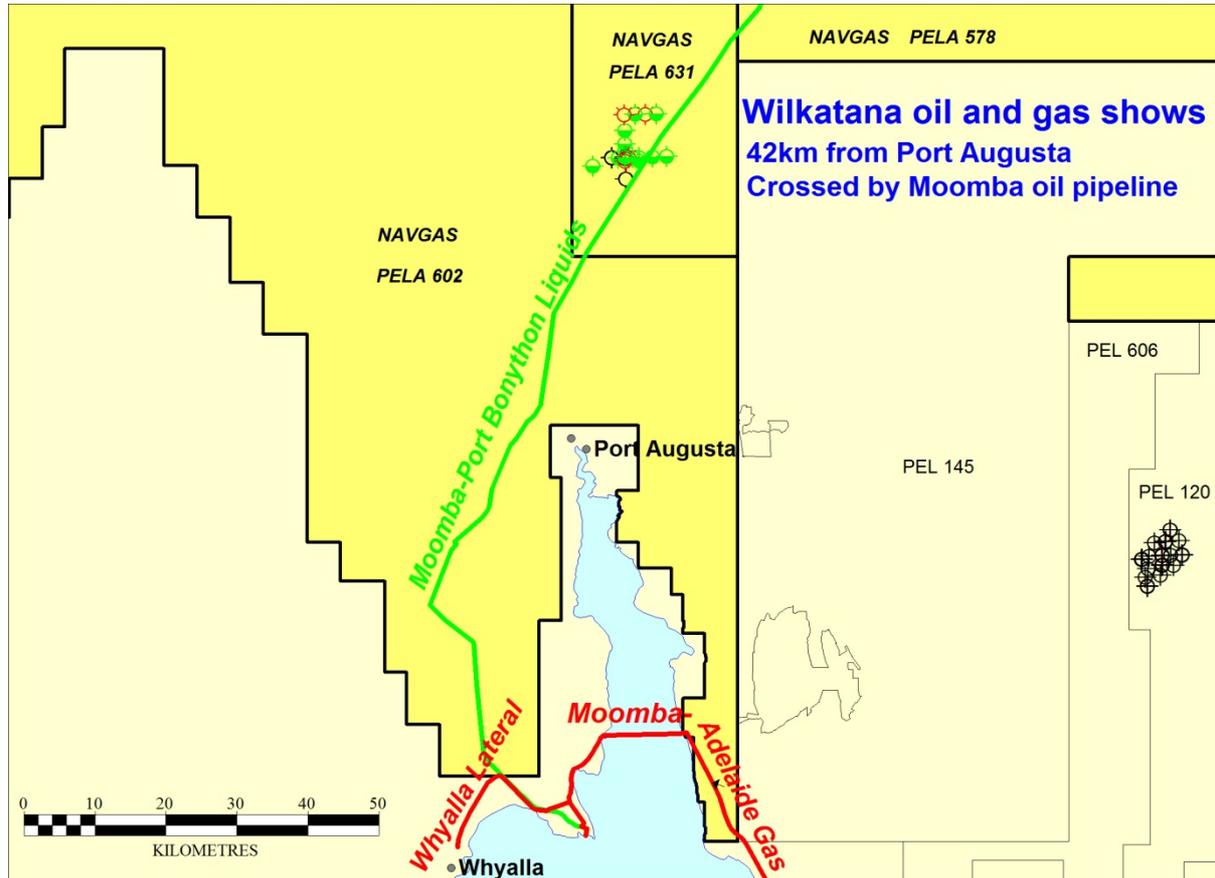


Figure 2: Location Map – Wilkatana oil field, South Australia.

The Pirie Torrens Basin project area is favourably located adjacent to gas pipeline infrastructure, and is positioned to take advantage of the expected current forecast increases in local demand for gas in the eastern and southern states of Australia in the next five (5) plus years, particularly given the current gas exploration bans imposed in the state of Victoria.

Roma Shelf Oil & Gas Project - Queensland

During 2014 NavGas was successful in tendering for ATP 1183 on the Roma Shelf in Queensland, which is considered highly prospective for oil, gas and condensate targets. The granted tenement area surrounds the Riverslea Oil Field and Major Gas/Condensate Field, both of which are excluded from the permit under Petroleum Leases, and is adjacent to Armour Energy Limited's Kincora Project footprint (refer **Figure 3**).

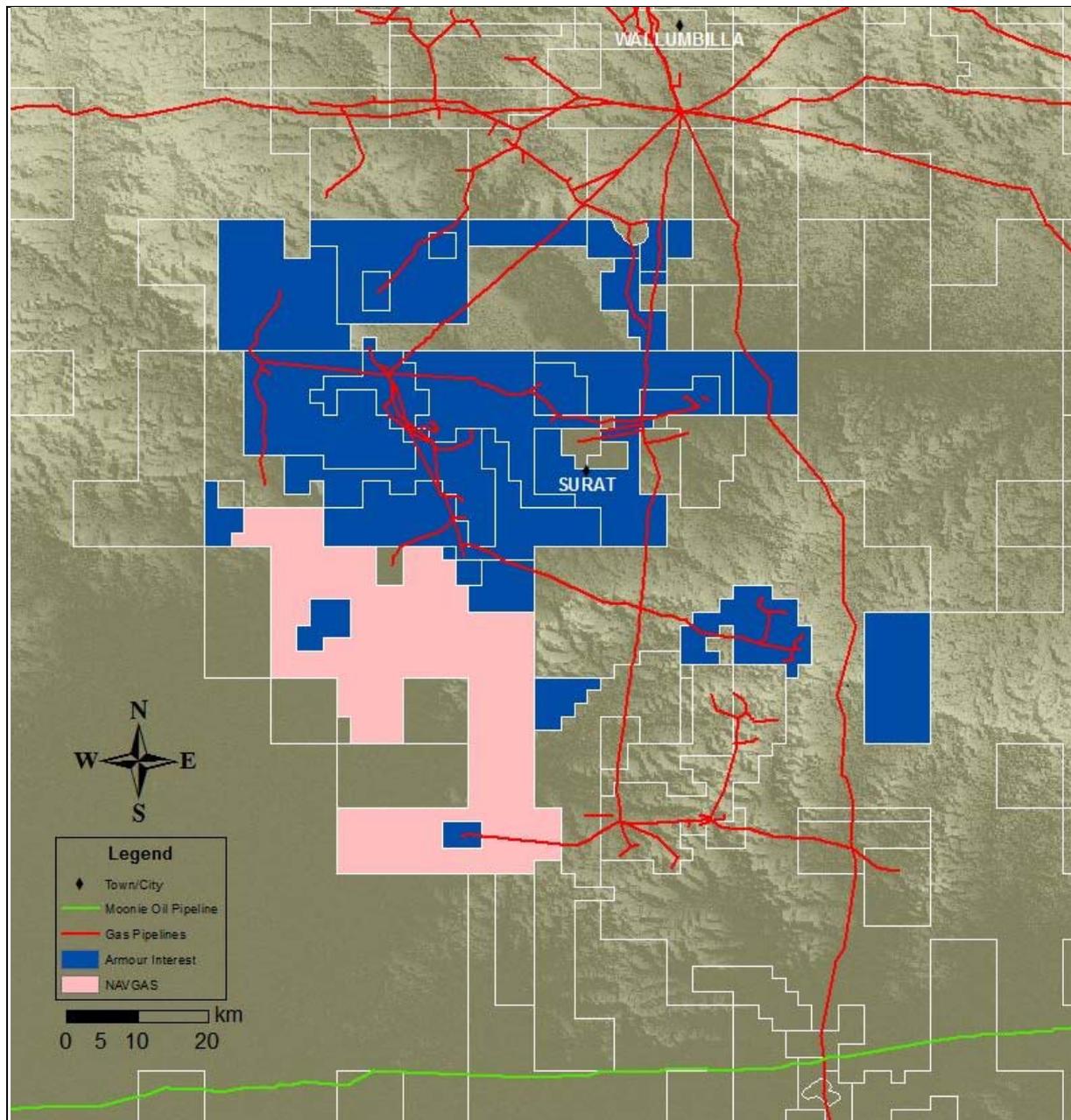


Figure 3: Location Map for the Roma Shelf Project (Surat Basin) showing Armour Energy's Kincora Project in blue, and NavGas' ATP 1183 in pink.

Based on a reinterpretation of the existing seismic database and an analysis of petroleum wells drilled by previous explorers, NavGas believes that several promising conventional petroleum targets exist within the Roma Shelf Project.

The Roma Shelf Project is situated in an area with established production facilities and infrastructure, and is well serviced by existing gas pipelines.

In 2015, NavGas was successful in having the tenure period for the Roma Shelf automatically extended from four to six years, under amendments made to Queensland's Petroleum and Gas (Production and Safety) Act.

The Board of Directors of Dark Horse Resources will continue to keep the market apprised of developments in relation to the sale of NavGas.



On behalf of the Board
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About Dark Horse Resources:

Since listing on the Australian Stock Exchange in 2011, Dark Horse Resources (formerly Navaho Gold) has slowly evolved into a diversified exploration company, with interests in gold projects in the USA, numerous mineral licences in Australia, oil and gas projects in Australia (held via NavGas Pty Ltd), and coal and lithium projects in Argentina.

The Company's coal projects in Argentina consist of the Marayes project (San Juan province) and the Nirihuau project (Rio Negro province). Both projects are located within close proximity to access to existing rail networks with links to industrial areas and ports.

Dark Horse has recently entered into an exclusive option arrangement to acquire an Argentinean company with rights to acquire lithium projects and mines in two separate provinces of Argentina.



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