



ASX Announcement

3 October 2016

Dark Horse Invests in Lakes Oil Convertible Notes

Lakes Oil Acquires an Interest in NavGas Pty Ltd

The Board of Directors of Dark Horse Resources Ltd (Dark Horse, the Company, ASX: DHR) is pleased to advise that the Company has executed documentation with ASX-listed Lakes Oil NL (Lakes Oil, ASX: LKO) to give effect to the following:

1. A \$400,000 investment by Dark Horse for 40,000 Lakes Oil Converting Notes of \$10 each; and
2. The acquisition by Lakes Oil of a 4% equity interest in NavGas Pty Ltd (NavGas) from Dark Horse for consideration of \$400,000.

The Converting Notes in Lakes Oil will be issued today and will commence trading on the ASX on Tuesday 4 October 2016. The Notes bear interest at the rate of 10% per annum and, on maturity, convert to ordinary shares at a rate of between 9,091 and 10,000 shares per Note, dependent on the prevailing VWAP calculation at the maturity date of 31 May 2018.

Lakes Oil is exploring the potential for further involvement in NavGas or its projects as a complement to its historic, but ongoing, Victorian focus.

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.

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.



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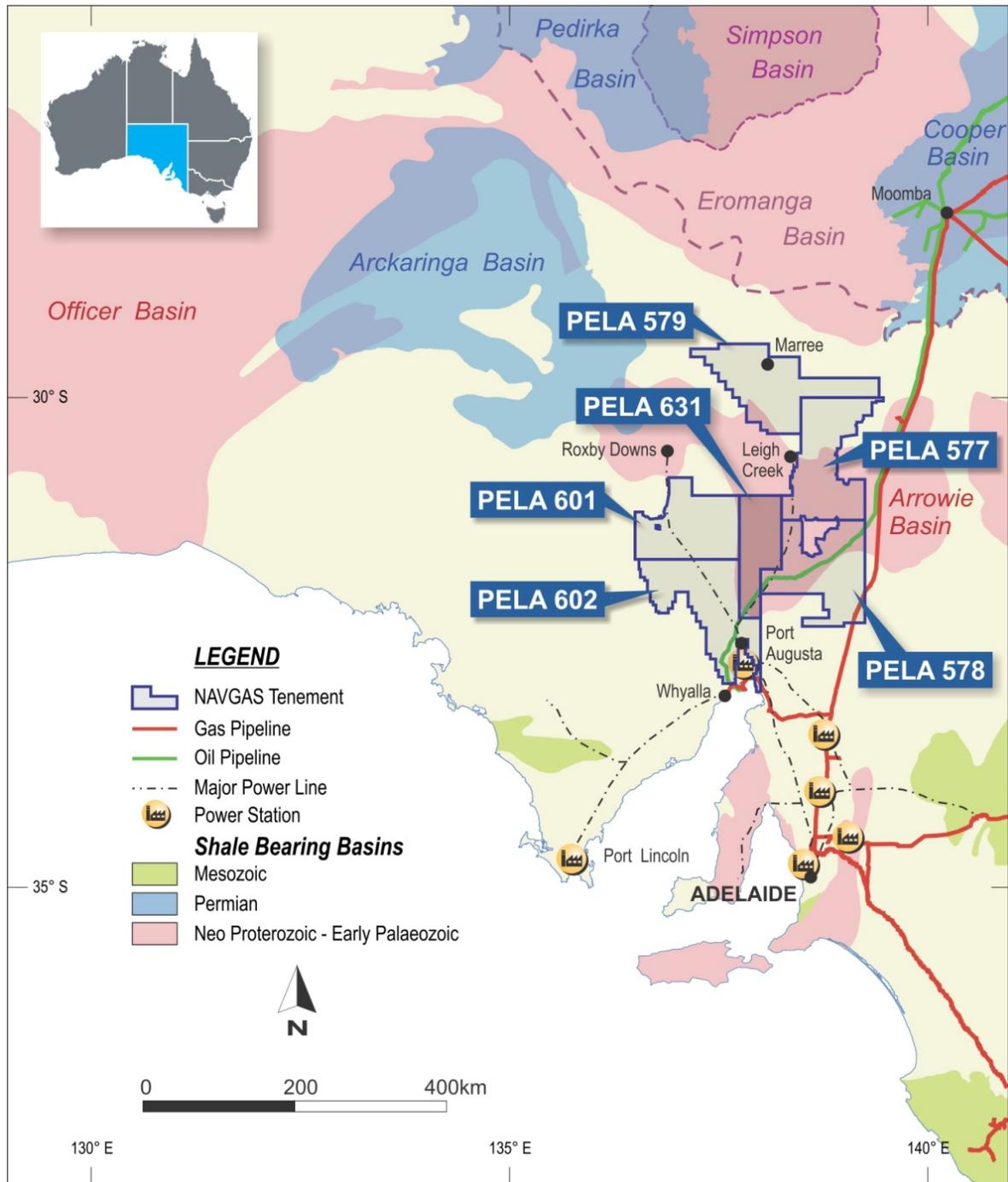


Figure 1: Pirie Torrens Project area in South Australia held by NavGas.

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 Protorezoic 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.

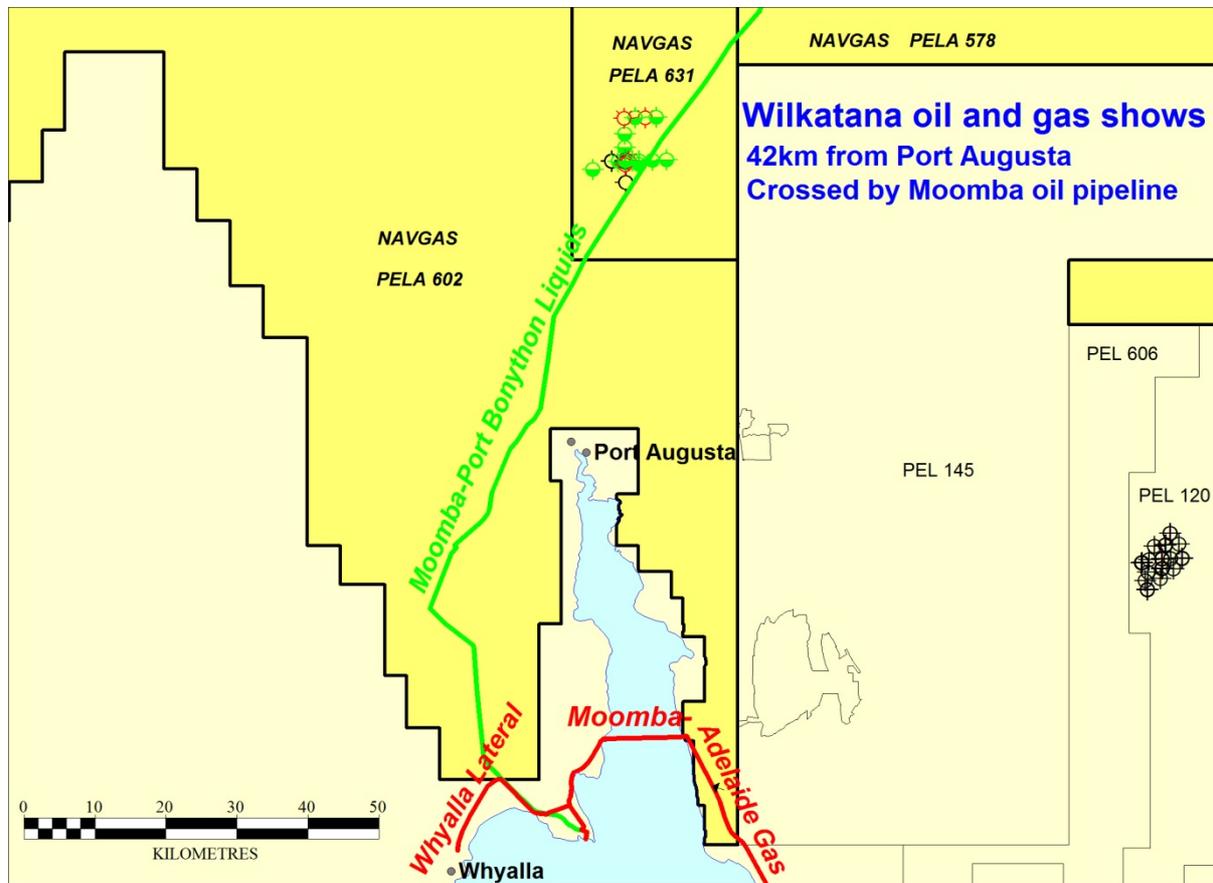


Figure 2: Location Map – Wilkatana oil field, South Australia.

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**).

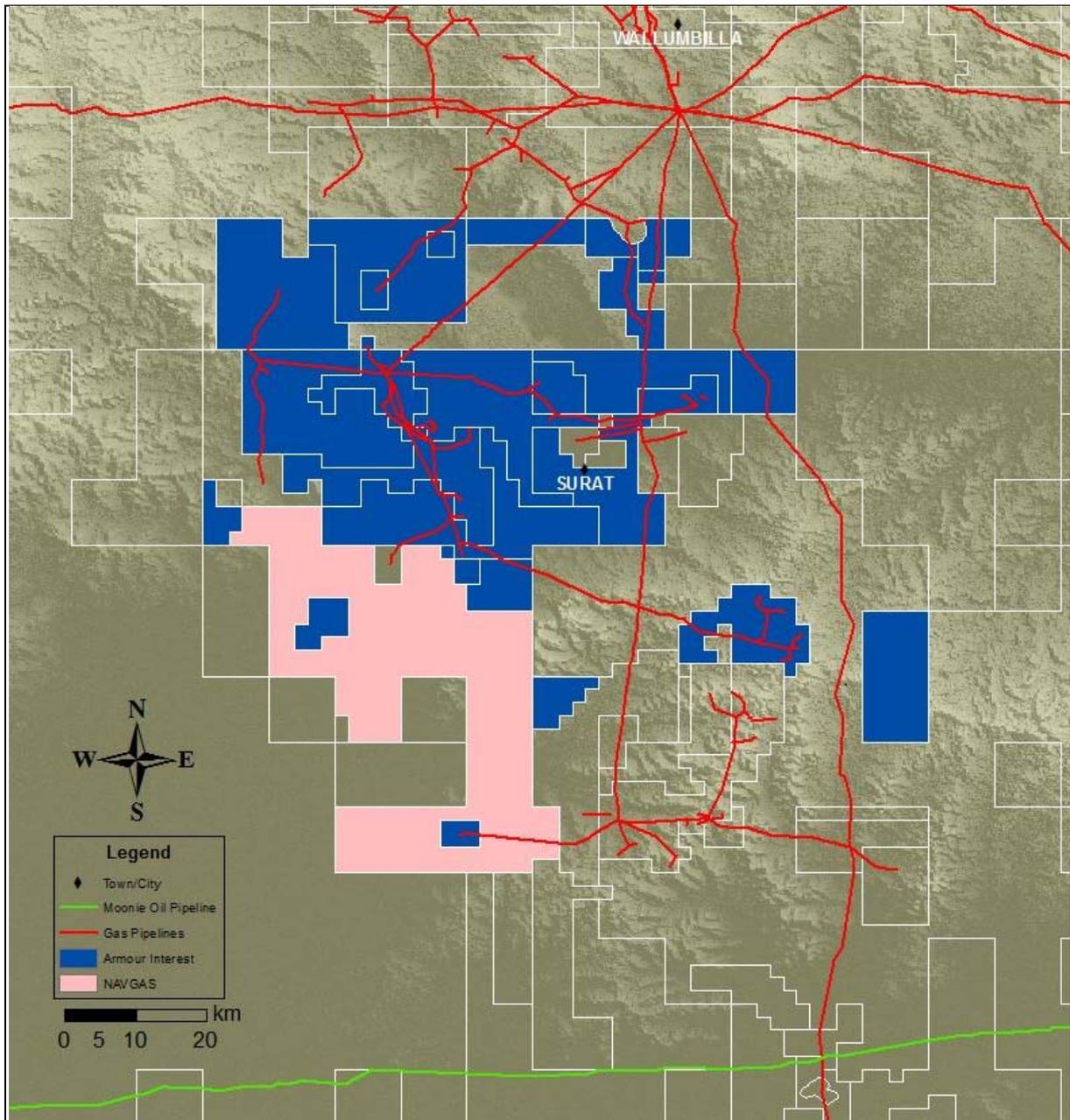


Figure 3: Location Map for the Roma Shelf Project (Surat Basin) showing Armour Energy's Kincora Project in blue, and NavGas' ATP 1183 in pink.

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.



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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