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**DARK HORSE RESOURCES LIMITED
AND CONTROLLED ENTITIES**
ACN: 068 958 752

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2016

Corporate Information

DIRECTORS

Nicholas Mather
Brian Moller
Neil Stuart
David Mason

COMPANY SECRETARY

Karl Schlobohm

REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE

Dark Horse Resources Limited
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SOLICITORS

HopgoodGanim
Level 8, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

SHARE REGISTER

Computershare Investor Service Pty Ltd
117 Victoria Street
West End Qld 4101

AUDITORS

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane Qld 4000

COUNTRY OF INCORPORATION

Australia

STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: DHR

INTERNET ADDRESS

www.darkhorseresources.com.au

AUSTRALIAN BUSINESS NUMBER

ABN 79 068 958 752

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Directors' Report

Your Directors present their report on the company and its controlled entities for the half-year ended 31 December 2016. Dark Horse Resources Limited is a public company limited by shares that is incorporated and domiciled in Australia.

DIRECTORS

The names of the Directors in office at any time during or since the end of the period are:

Nicholas Mather (Non-Executive Chairman)
Brian Moller (Non-Executive Director)
Neil Stuart (Non-Executive Director)
David Mason (Non-Executive Director)

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries (together "Dark Horse" or the "Group") are coal exploration in Argentina, oil & gas exploration in Australia and gold and mineral exploration in Nevada and New Mexico in the USA. There were no other significant changes in the nature of the activities of the Group during the period ended 31 December 2016.

REVIEW AND RESULTS OF OPERATIONS

The loss after income tax for the Group for the half-year ended 31 December 2016 was \$1,867,907 (31 December 2015: \$413,131).

During the half year ended 31 December 2016, the Company achieved the following milestones:

- Approval was obtained from the local regional communities to carry out exploration mapping activities at the Pico Quemado (Nirihuau) Coal Project.
- Geological mapping commenced in the Pico Quemado, Chenqueniye and Las Bayas deposits of the Nirihuau Basin.
- Approval is being sought from the regional communities for the drilling component of the Pico Quemado Coal Project exploration program.
- The Company submitted a Manifestation (Expression) of Interest to CAMMESSA, at their request, which is the Argentine government administrator for wholesale electricity, for the development of the 1000MW mine mouth coal fired Pico Power Project.
- Company directors and officers attended the Argentine Forum in September 2016 to promote the Pico Power Project, a large international forum in Buenos Aires, sponsored by the new President of Argentina to promote investment and trade.
- Initial field work was undertaken at the Company's lithium projects in Cordoba and San Luis, which produced highly encouraging rock chip sampling assay results as follows:
 - Confirmation of the presence of extensive outcropping spodumene bearing pegmatites within the El Totoral claim in San Luis Province.
 - El Totoral district identified old workings and spodumene showings along a north trending belt approximately 4.5km in length and 300m in width.
 - A total of 54 rock chip samples were collected and assayed by ALS Australia.
 - El Totoral assay results returned maximum 0.9m @ 3.28% Li₂O, 87 g/t Ta₂O₅.
 - Sampling of spodumene from dump material in Los Chañares district returned 3.99% Li₂O and 67 g/t Ta₂O₅.
 - Best assay from spodumene material collected underground at Las Tapias returned 6.04% Li₂O.

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

- The Company confirmed that it is proceeding with its stepped acquisition of Oronegro SA in Argentina, which has secured prospective lithium projects including two operating mines, in Cordoba and San Luis.
- The Company is designing and preparing a comprehensive and systematic exploration program for the lithium properties for implementation during 2017.
- The Company entered into an Exclusivity Agreement with Tres Cerros Exploraciones SRL for the option to acquire 85% of the Los Domos Gold Project in Argentina and is completing due diligence with a target to complete the agreement.
- An initial 4% equity interest in NavGas Pty Ltd was acquired by ASX-listed Lakes Oil (LKO) from Dark Horse in return for 40,000 unlisted LKO \$10 Converting Notes. NavGas was ultimately 100% acquired by LKO on a scrip-for-scrip basis, with the transaction settling on 18 January 2017.
- In relation to the litigation over the disputed ownership of the Carlin East Gold Project in Nevada, USA, an in-principle settlement agreement has been reached with Genesis Gold Corporation. Under the terms of the in-principle agreement, Dark Horse has essentially agreed to waive all right and title to any equitable interest it may have earned in the Carlin East and New Mexico Gold Projects in the USA. Dark Horse and Genesis Gold have also agreed to full mutual releases. Therefore all accrued expenditure associated with the New Mexico Gold Project has been written off in this interim report for the period ended 31 December 2016, having already written off the Carlin East expenditure in the full year accounts at 30 June 2016.



Figure 1: Location of DHR's Argentine Projects - the San Juan Marayes Coal Project, Rio Negro Pico Coal and Power Projects, the Santa Cruz Los Domos Gold Project, and the San Luis and Cordoba Lithium Projects.

MATTERS SUBSEQUENT TO THE HALF YEARLY FINANCIAL PERIOD

On 11 January 2017 a total of 4,875,000 fully paid ordinary shares were issued at a price of \$0.008 per share to two sophisticated investors. A total of \$39,000 was raised as a result of this placement.

On 18 January 2017 ASX-listed Lakes Oil NL (LKO) settled on the scrip-based acquisition of the balance of NavGas Pty Ltd, following approval by Lakes Oil shareholders on 16 January 2017. As a result, Dark Horse received 9,278,407,344 fully paid shares in Lakes Oil, which it will hold in addition to its existing interest in 40,000 LKO \$10 Converting Notes.

There have been no other events since the end of the half year that impact the financial report as at 31 December 2016.

AUDITOR'S INDEPENDENCE DECLARATION

The Directors received an independence declaration from the auditor of Dark Horse Resources Limited. This is attached on page 6 of this report.

Signed in accordance with a resolution of the board of Directors.



Nicholas Mather
Director

Brisbane
15 March 2017

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DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF DARK HORSE RESOURCES LIMITED

As lead auditor for the review of Dark Horse Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dark Horse Resources Limited and the entities it controlled during the period.

T J Kendall

BDO Audit Pty Ltd

Brisbane, 15 March 2017

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2016

		31 December 2016 A\$	31 December 2015 A\$
	Notes		
Revenue	3	10,230	19,592
Employee benefits expense		(19,153)	(19,412)
Exploration costs written-off	7	(1,183,432)	-
Legal expense		(96,265)	(54,263)
Administration and consulting expense		(482,591)	(336,689)
Finance costs		(39,475)	(11,491)
Share based payments		(57,221)	(10,868)
Loss before income tax		(1,867,907)	(413,131)
Income tax expense		-	-
Loss for the period	4	(1,867,907)	(413,131)
Other comprehensive income		-	-
Total comprehensive income for the period		(1,867,907)	(413,131)

		2016 Cents	2015 cents
	Notes		
Basic and diluted loss per ordinary share			
- basic and diluted loss per ordinary share (cents per share)	4	(0.2)	(0.1)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position at 31 December 2016

	Notes	31 December 2016 A\$	30 June 2016 A\$
Assets			
Current assets			
Cash and cash equivalents	5	498,621	171,077
Trade and other receivables		32,357	30,254
Prepayments		4,158	1,830
Assets held for sale	10	223,674	-
Total current assets		758,810	203,161
Non-current assets			
Other financial assets	6	604,768	58,863
Property, plant and equipment		-	601
Exploration and evaluation assets	7	1,523,288	2,190,407
Total non-current assets		2,128,056	2,249,871
Total assets		2,886,866	2,453,032
Current liabilities			
Related party loans	8	841,173	590,430
Deferred income	10	400,000	-
Trade and other payables		1,738,777	1,207,818
Total current liabilities		2,979,950	1,798,248
Non-current liabilities			
Deferred tax liability		1,931	1,931
Total non-current liabilities		1,931	1,931
Total liabilities		2,981,881	1,800,179
Net assets		(95,015)	652,853
Equity			
Issued capital	9	15,547,072	14,484,254
Reserves		900,888	843,667
Accumulated losses		(16,542,975)	(14,675,068)
Total equity		(95,015)	652,853

The above consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2016

	Issued capital \$	Accumulated losses \$	Option Reserves \$	Total \$
Balance at 1 July 2015	13,874,914	(13,107,220)	829,762	1,597,456
Net loss for the period	-	(413,131)	-	(413,131)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(413,131)	-	(413,131)
Shares issued during the period	68,000	-	-	68,000
Share issue costs	(1,654)	-	-	(1,654)
Options issued during the period	-	-	10,868	10,868
Balance at 31 December 2015	13,941,260	(13,520,351)	840,630	1,261,539
Net loss for the period	-	(1,154,717)	-	(1,154,717)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,154,717)	-	(1,154,717)
Shares issued during the period	548,218	-	-	548,218
Share issue costs	(5,224)	-	-	(5,224)
Options issued during the period	-	-	3,037	3,037
Balance at 30 June 2016	14,484,254	(14,675,068)	843,667	652,853
Net loss for the period	-	(1,867,907)	-	(1,867,907)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,867,907)	-	(1,867,907)
Shares issued during the period	1,071,558	-	-	1,071,558
Share issue costs	(8,740)	-	-	(8,740)
Options expense recognised during the period	-	-	57,221	57,221
Balance at 31 December 2016	15,547,072	(16,542,975)	900,888	(95,015)

The above consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

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Consolidated Statement of Cash Flows for the half-year ended 31 December 2016

	Notes	31 December 2016 A\$	31 December 2015 A\$
Cash flows from operating activities			
Payments to suppliers and employees		(178,431)	(159,972)
Interest received	3	10,230	-
Interest paid		-	(22)
Net cash outflow from operating activities		(168,201)	(159,994)
Cash flows from investing activities			
Payments to acquire investments		(467,868)	-
Deposit for assets held for sale		400,000	-
Refunds of (payments for) security deposits		-	12,000
Payments for exploration and evaluation		(621,156)	(265,709)
Net cash outflow from investing activities		(689,024)	(253,709)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		942,766	-
Payment of share issue costs		(8,740)	(1,654)
Loans from related parties		250,743	428,845
Net cash inflow from financing activities		1,184,769	427,191
Net increase / (decrease) in cash and cash equivalents		327,544	13,488
Cash and cash equivalents at beginning of period		171,077	8,299
Cash and cash equivalents at end of period	5	498,621	21,787

The above consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

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Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate information

The financial report of Dark Horse Resources Limited (the "Company") for the half year ended 31 December 2016 was authorised for issue in accordance with a resolution of the Directors on 15 March 2017. Dark Horse Resources Limited is a public company limited by shares that is incorporated and domiciled in Australia.

Basis of preparation

This general purpose financial report for the half-year ended 31 December 2016 has been prepared in accordance with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report. Accordingly, this half year financial report is to be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report, with the exception of convertible note receivables:

Financial assets at fair value through profit or loss

Investments in financial assets with embedded derivatives, such as convertible note receivables, as recognised at fair value through profit or loss. Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in profit or loss within other income or other expenses. Interest income from financial assets at fair value through profit or loss is included in profit or loss.

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. For the half-year ended 31 December 2016, the Group generated a consolidated loss of \$1,867,907 and incurred operating cash outflows of \$168,201. As at 31 December 2016 the Group had cash and cash equivalents of \$498,621, net current liabilities of \$2,221,140 and net liabilities of \$95,015. Current liabilities included:

1. A loan and trade payables to the Group's major shareholder, DGR Global Limited, totalling \$1,418,720; and
2. Trade, other payables and loans provided by Directors, management and their related entities totalling \$877,927.

The ability of the Group to continue as a going concern is dependent upon the Group being able to manage its liquidity requirements by taking some or all of the following actions:

1. Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the Group to continue to earn into the mineral properties in which it has an interest (earn in expenditure) and to meet the Group's working capital requirements;
2. Conversion to equity of amounts payable to DGR Global Limited, Directors and other related parties;
3. Reducing its level of capital expenditure through farm-outs and/or joint ventures;
4. Reducing its working capital expenditure; and
5. Disposing of marketable securities.

These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

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Notes to the Consolidated Financial Statements

Going concern (continued)

Notwithstanding the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis after having regard to the following matters:

1. The Group's major shareholder, DGR Global Ltd, and Directors have given written assurance that they will not call for the payment of the loan until such time as the Group is in a position to pay same from the proceeds of a capital raising, or from its own cash flow. These parties may also consider the conversion of all or part of the loan account as part of any such capital raising, dependent on the circumstances;
2. The Group is currently reviewing a number of strategic and funding opportunities of which the terms and conditions are in the process of being finalised.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Group not be able to achieve the matters set out above and thus be able to continue as a going concern.

Comparatives

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current financial year.

NOTE 2 SEGMENT INFORMATION

Dark Horse Resources Limited operates predominantly in one business being in the mining industry, and two geographic locations, being Australia and the Americas. No sales revenue from this activity has been earned to date as Dark Horse Resources Limited is still in the exploration and evaluation stage.

Geographical Segment	Australia		Americas		Eliminations		Total	
	31 December		31 December		31 December		31 December	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	10,230	-	-	19,592	-	-	10,230	19,592
Operating result	(591,093)	(387,511)	(1,276,814)	(45,212)	-	-	(1,867,907)	(432,723)

Geographical Segment	Australia		Americas		Eliminations		Total	
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2016	2016	2016	2016	2016	2016	2016	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Total assets	3,430,076	5,355,230	1,575,094	1,201,013	(2,118,304)	(4,103,211)*	2,886,866	2,453,032
Total liabilities	3,666,556	3,222,352	1,433,629	2,681,038	(2,118,304)	(4,103,211)*	2,981,881	1,800,176

*These eliminations relate to intercompany loans.

Segment asset increases for the period

Geographical Segment	Australia		Americas		Eliminations		Total	
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2016	2016	2016	2016	2016	2016	2016	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Exploration and evaluation assets	69,776	84,894	657,680	531,934	-	-	727,456	616,828

Notes to the Consolidated Financial Statements

	31 December 2016 A\$	31 December 2015 A\$
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NOTE 3 REVENUES AND EXPENSES

Included in the profit / (loss) are the following revenues and expenses:

Interest revenue - external parties	10,230	-
Other income ¹	-	19,592
	10,230	19,592

¹ Other income relates to refund of environmental bonds previously held against US projects.

Depreciation		
- Office equipment	601	843

NOTE 4 EARNINGS PER SHARE

Earnings in cents per ordinary share:

Basic loss per share - cents	(0.2)	(0.1)
Diluted loss per share - cents	(0.2)	(0.1)
Net loss used in calculating basic and diluted loss per share	(1,867,907)	(413,131)

	Number	Number
Weighted average number of ordinary share used in the calculation of basic estimated diluted loss per share	770,556,098	583,280,000

The options are non-dilutive as the Group is in losses.

	31 December 2016 A\$	30 June 2016 A\$
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NOTE 5 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	498,621	171,077
	498,621	171,077

Notes to the Consolidated Financial Statements

	31 December 2016 A\$	30 June 2016 A\$
NOTE 6 OTHER FINANCIAL ASSETS		
Available for sale financial assets	161,905	4,000
Security deposits	42,863	54,863
Convertible notes	400,000	-
Carrying amount at the end of the period	604,768	58,863

The Company subscribed for 40,000 Convertible Notes in Lakes Oil. The key terms of the notes are as follows:

- Issue Price: Face value of \$10 per Convertible Note
- Interest Rate: 10%
- Interest Payments: Interest is payable half yearly at the rate of 50 cents per Note
- Maturity Date: 31 May 2018
- Conversion Terms: Each holder of Notes can elect to convert the Notes early by notice to Lakes Oil with effect from 30 November 2016, 31 May 2017 or 30 November 2017 (Early Conversion Dates).

NOTE 7 EXPLORATION AND EVALUATION ASSETS

Carrying amount at the beginning of the period	2,190,407	2,245,378
Additions	727,456	638,137
Exploration expenditure written off	(1,183,432)	(693,108)
Transfer to assets held for sale (refer note 10)	(211,143)	-
Carrying amount at the end of the period	1,523,288	2,190,407

NOTE 8 RELATED PARTY LOANS

DGR loan facility	541,173	540,430
Loans from directors	300,000	50,000
	841,173	590,430

The DGR loan facility is unsecured and attracts an interest rate of 9.5% per annum. The director loans are loans from entities associated with Company Director Neil Stuart and Company Director David Mason, which are unsecured, short-term loans provided on commercial terms for working capital purposes.

Notes to the Consolidated Financial Statements

	31 December 2016 A\$	30 June 2016 A\$
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NOTE 9 ISSUED CAPITAL

a) Issued capital

866,105,881 (30 June 2016: 734,733,518) ordinary shares fully paid up	16,798,325	15,726,767
Share issue costs	(1,251,253)	(1,242,513)
	15,547,072	14,484,254

	31 December 2016 No. of Shares	30 June 2016 No. of Shares
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b) Movement in ordinary shares

At the beginning of the reporting period	734,733,518	580,678,907
Shares issued during the period	131,372,363	154,054,611
At reporting date	866,105,881	734,733,518

	No. of Shares	A\$
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c) Movement in number of ordinary shares on issue

Shares at 1 July 2016	734,733,518	15,726,767
- 23 August 2016 (1)	3,526,529	38,792
- 14 September 2016 (2)	41,312,500	330,500
- 5 October 2016 (3)	10,000,000	90,000
- 3 December 2016 (4)	76,533,334	612,266
Shares at 31 December 2016	866,105,881	16,798,325

- (1) On 23 August 2016, 3,526,529 ordinary shares \$0.011 were issued as consideration under the Pico Quemado coal project farm-in agreement.
- (2) On 14 September 2016, 41,312,500 ordinary shares \$0.008 were issued for cash as part of a private placement offset by the costs associated with the issue of shares.
- (3) On 5 October 2016, 10,000,000 ordinary shares \$0.009 were issued as consideration for the stage 1 payment of the purchase of Oronegro S.A.
- (4) On 21 December 2016, 76,533,334 ordinary shares \$0.008 were issued for cash as part of a private placement offset by the costs associated with the issue of shares.

Notes to the Consolidated Financial Statements

NOTE 10 ASSETS HELD FOR SALE

On 3 October 2016, the Board of DHR announced the acquisition by Lakes Oil of a 4% equity interest in NavGas Pty Ltd (NavGas) from DHR for consideration of \$400,000. On this date DHR sold 3,265,000 NavGas shares to Lakes Oil.

On 6 October 2016, DHR executed a Heads of Agreement Lakes Oil, for Lakes Oil to acquire the remaining 96% of the shares of NavGas. As consideration for acquiring the remaining 96% of the shares in NavGas, Lakes Oil will, subject to shareholder approval, issue 9,600 million shares to the NavGas vendors, each credited as fully paid in the amount of \$0.001 per share.

The transaction is subject to a number of conditions, including Lakes Oil obtaining shareholder approval for the proposed acquisition which, pursuant to s 611 item 7 of the Corporations Act, will require Lakes Oil to submit to its shareholders an independent expert's report on the fairness and reasonableness of the acquisition.

The sale of the remaining 96% was being negotiated at the time of the initial sale of 4%. The Directors consider the two tranches as a single transaction, hence at 31 December 2016 NavGas Pty Ltd was classified as a discontinued operation. The major classes of assets and liabilities of NavGas Pty Ltd as held for sale as at 31 December 2016 are as follows:

	31 December 2016 \$
Assets	
Security Deposits	12,000
Exploration and evaluation	211,143
Trade and other receivables	531
Net assets directly associated with disposal group	223,674
	<hr/>
Deferred income	400,000
	<hr/>

NOTE 11 COMMITMENTS AND CONTINGENT LIABILITIES

There are no significant changes to future exploration commitments and contingencies disclosed in the most recent annual financial report.

The Directors are not aware of any other contingent liabilities that need to be disclosed.

NOTE 12: FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities approximate their carrying amounts principally due to their short-term nature or the fact that they are measured and recognised at fair value.

These instruments are included as level 1 Financial Instruments. The Lakes Oil NL Convertible Notes, are traded in active markets based on quoted market prices at the end of the reporting period. The quoted market price used for the Lakes Oil Convertible Notes is the current bid price.

NOTE 13: EVENTS AFTER REPORTING DATE

On 11 January 2017 a total of 4,875,000 fully paid ordinary shares were issued at a price of \$0.008 per share to two sophisticated investors. A total of \$39,000 was raised as a result of this placement.

On 18 January 2017 ASX-listed Lakes Oil NL (LKO) settled on the scrip-based acquisition of the balance of NavGas Pty Ltd, following approval by Lakes Oil shareholders on 16 January 2017. As a result, Dark Horse received 9,278,407,344 fully paid shares in Lakes Oil, which it will hold in addition to its existing interest in 40,000 LKO \$10 Converting Notes.

Apart from the matters disclosed in the half year financial report, there have been no other events since the end of the half year that impact the financial report as at 31 December 2016.

Director's Declaration

The Directors of the Company declare that:

1. The attached financial report and notes, is in accordance with the *Corporations Act 2001* including:
 - (i) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Nicholas Mather
Director

Brisbane
Date: 15 March 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dark Horse Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dark Horse Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Dark Horse Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Dark Horse Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Dark Horse Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit Pty Ltd

BDO

T J Kendall

Brisbane, 15 March 2017

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