

Dark Horse Resources Limited ACN 068 958 752

An accelerated non-renounceable pro rata entitlement offer to existing shareholders of Dark Horse Resources Limited (Dark Horse or the Company) of 1 New Share at an issue price of \$0.008 each (Offer Price) for every 2 Shares held, to raise up to approximately \$3.48m before costs (Entitlement Offer). The Entitlement Offer consists of both the Retail Entitlement Offer and the Institutional Entitlement Offer.

Each new Share is issued under the Entitlement Offer with one bonus right (**Performance Right**) that will, at the holder's election but at no cost, convert to 1 fully paid Share in the Company should the Company's 60-day volume weighted average Share price exceed 5 cents per Share at any time before their Expiry Date. The Expiry Date of the Performance Rights is 1 July 2020. The Performance Rights are unlisted and are non-transferable.

This Offer is underwritten to the extent of \$3,000,000.

Underwriter to the Offer

DGR Global Limited (ACN: 052 354 837)

This is an important document and requires your immediate attention. The New Shares offered by this document should be considered speculative. This document should be read in its entirety. If after reading this document you have any questions about the Retail Entitlement Offer, the New Shares or the attaching Performance Rights, then you should consult your stockbroker, accountant or other professional advisor. Your Entitlement and Acceptance Form must be received by the Share Registry with your payment no later than 5:00pm (Brisbane time) on Wednesday 3 May 2017. Please refer to the timetable set out in this Prospectus for the important dates.

WARNING

The contents of this Prospectus have not been reviewed by any regulatory authority outside of Australia and New Zealand. You are advised to exercise caution in relation to the Retail Entitlement Offer. If you are in doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

Offer Statistics

Entitlement ratio for Retail Entitlement Offer	1 New Share for every 2 existing Dark Horse Resources ordinary shares held as at 7pm (Brisbane time) on Wednesday 12 April 2017 (Record Date)
Offer Price for Retail Entitlement Offer	\$0.008 per New Share
Size of Retail Entitlement Offer (up to)	435,490,441
Gross proceeds from Retail Entitlement Offer (up to)	\$3,483,924

Timetable for Important Dates

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Announcement of Retail Entitlement Offer and and Appendix 3B lodged with ASX	Monday 10 April 2017
Notice of Retail Entitlement Offer sent to Ineligible Shareholders	Monday 10 April 2017
Conduct of Institutional Entitlement Offer while in a trading halt	Monday 10 April to Tuesday 11 April 2017
Trading on Ex basis	Wednesday 12 April 2017
Record Date for the Retail Entitlement Offer (7:00pm Brisbane time)	Wednesday 12 April 2017
Despatch of Prospectus	Thursday 13 April to Monday 10 April 2017
Opening Date of Retail Entitlement Offer (9:00am Brisbane time)	Tuesday 18 April 2017
Closing Date of Retail Entitlement Offer (5:00pm Brisbane time)	Wednesday 3 May 2017
Announce results of Retail Entitlement Offer	Monday 8 May 2017
Allotment Date - expected date of allotment of the New Shares issued under the Retail Entitlement Offer and the Shortfall Share Offer (if any)	Wednesday 10 May 2017
Normal trading begins	Thursday 11 May 2017
Despatch Date - expected date of despatch of New Shares holding statements under the Retail Entitlement Offer and the Shortfall Facility (if any), and deferred settlement trading ends	Friday 12 May 2017

These dates are indicative only and subject to change. Dark Horse in conjunction with the Underwriter reserves the right, subject to the Corporations Act and the Listing Rules, to change any date of the Offer including to extend the Closing Date of the Offer, to close the Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares. If the Offer is withdrawn, Application Monies will be returned without interest. This may have a consequential effect on the other dates. Investors are encouraged to submit their Entitlement and Acceptance Forms as soon as possible.

Entitlement and Acceptance Forms

It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Acceptance.

A number of terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary.

Money as expressed in this Prospectus is in Australian dollars or else as indicated.

Important Notices

This Prospectus is dated 10 April 2017 and was lodged with ASIC on the same date. Neither ASIC nor ASX takes any responsibility as to the contents of this Prospectus. No securities will be issued on the basis of this Prospectus any later than 13 months after the date of issue of this Prospectus.

This Prospectus contains an offer to Eligible Shareholders of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by Dark Horse in connection with the Offer. Neither Dark Horse nor any other person warrants the future performance of Dark Horse or any return on any investment made under this Prospectus, except as required by law and then, only to the extent so required.

Foreign Shareholders

The Offer is made only to those Eligible Shareholders with registered addresses in Australia and New Zealand.

Dark Horse has not made any investigation as to the regulatory requirements that may prevail in the countries, outside of Australia, in which the Company's Shareholders may reside. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

The Offer may only be accepted by Eligible Shareholders and does not constitute an offer in any place in which or to any person to whom, it would be unlawful to make such an offer.

Dark Horse has decided that it is unreasonable to make an Offer to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses Australia and New Zealand.

Please read this Prospectus carefully before you make a decision to invest. An investment in Dark Horse has a number of specific risks which you should consider before making a decision to invest. Some of these risks are summarised in Section 7.

New Zealand

This offer to New Zealand investors is a regulated Offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This Offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

How to Accept Entitlement to New Shares

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is accompanying this Prospectus in accordance with the instructions set out in this Prospectus and in the Entitlement and Acceptance Form.

This Prospectus is available in electronic form on the Internet at www.darkhorseresources.com.au If you wish to obtain a free copy of this Prospectus, please contact the Company Secretary, Karl Schlobohm, on +61 7 3303 0661 or kschlobohm@darkhorseresources.com.au

Competent Persons' Statement

The information herein that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Neil Stuart, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Neil Stuart is a Director of Dark Horse Resources Ltd.

Mr Stuart has more than five years' experience which is relevant to the style of mineralisation and type of deposit being reported and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (the JORC Code). This public report is issued with the prior written consent of the Competent Person(s) as to the form and context in which it appears.

Forward Looking Statements

Certain statements in this Prospectus constitute forward looking statements. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements. These risks, variables and factors include, but are not limited to, the matters described in Section 7. The Company gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

Warning

No person named in this Prospectus, nor any other person, guarantees the performance of Dark Horse, the repayment of capital or the payment of a return on the New Shares. Please read this document carefully before you make a decision to invest. An investment in the Company has specific risks which you should consider before making a decision to invest.

The information in this Prospectus does not constitute a securities recommendation or financial product advice. In preparing this Prospectus, Dark Horse has not taken into account the investment objectives, financial situation or particular needs of any particular person. Accordingly, before acting on this Prospectus, you should assess whether a further investment in Dark Horse would be appropriate in light of your own circumstances.

Privacy

The privacy obligations and policy relating to this Prospectus are contained in the privacy disclosure statement in Section 8.

Contact Details

If you have any queries or questions about the Offer, you may contact Dark Horse's Company Secretary, Karl Schlobohm, on +61 7 3303 0661 (kschlobohm@darkhorseresources.com.au).

Table of Contents

Lette	er from the Chairman	7
1.	Investment Overview	9
2.	Details of the Entitlement Offer	16
3.	How Eligible Retail Shareholders Can Apply Under the Retail Entitlement Offer	20
4.	Company Presentation	25
5.	Effect of Entitlement Offer on the Company	26
6.	Control Issues Arising from the Entitlement Offer	28
7.	Risk Factors	31
8.	Additional Information	37
9.	Definitions and Glossary	46
Corr	porate Directory	48

Letter from the Chairman

Dear Shareholder

On behalf of the Directors, I am pleased to invite you, as a valued Shareholder of Dark Horse Resources Limited (Dark Horse or the Company), to participate in the Company's 1 for 2 accelerated non-renounceable entitlement offer of new ordinary shares (New Shares) at an issue price of \$0.008 per New Share to raise up to approximately \$3.48m before costs (the Entitlement Offer). The Entitlement Offer is comprised of both the Retail Entitlement Offer and the Institutional Entitlement Offer. The Institutional Entitlement Offer will be conducted from Monday 10 April 2017 to Tuesday 11 April 2017, with results announced Wednesday 12 April 2017. There is a Retail Shortfall Facility whereby Eligible Retail Shareholders who apply for their full Entitlements under the Retail Entitlement Offer may also apply for additional New Shares to be allocated out of any Retail Shortfall.

Each New Share is issued with one bonus right (**Performance Right**) that will, at the holder's election but at no cost, convert to 1 fully paid Share in the Company should the Company's 60-day volume weighted average Share price exceed 5 cents per Share at any time before their Expiry Date. The Expiry Date of the Performance Rights is 1 July 2020. The Performance Rights are unlisted and non-transferable. Full details of the Performance Rights are outlined in Annexure A.

Since listing on the Australian Stock Exchange in 2011, Dark Horse Resources (formerly Navaho Gold) has slowly evolved into a Latin American focussed exploration company, with diverse commodity interests including and coal, gold, lithium and power generation projects in Argentina. The Company also has a significant stake in ASX-listed Lakes Oil NL as a result of Lakes' scrip-based acquisition of NavGas Pty Ltd.

The funds raised under the Entitlement Offer (after payment of expenses in connection with the Offer) will be used to continue to develop Dark Horse's business and meet its strategic goals. More particularly, funds raised under the Entitlement Offer have been earmarked for exploration activities in Argentina. The studies associated with the Company's proposed Argentinean mine mouth coal-fired power station proposal will also be advanced. The Company is planning to carry out exploration programs with the funds raised from the Entitlement Offer, including drilling, geophysical surveys and surface, rock chip sampling as well as having some funds available for corporate costs and working capital purposes.

For Eligible Retail Shareholders, the number of New Shares you are entitled to subscribe for under the Retail Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that accompanies this Prospectus. The Retail Entitlement Offer is open to all Eligible Retail Shareholders on the register as at Wednesday 12 April 2017 (the **Record Date**) and with registered addresses in Australia and New Zealand.

The Retail Entitlement Offer is not being extended to the Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand.

If you are an Eligible Retail Shareholder and you wish to accept your Entitlement pursuant to the Retail Entitlement Offer, you will need to complete the Entitlement and Acceptance Form and return it together with the appropriate application money to the Company's Share Registry before 5pm (Brisbane time) on the Closing Date of 3 May 2017.

If you take up your full Entitlement, you can also apply for additional New Shares (Additional New Shares) under a Shortfall Facility (refer to Sections 3.3 and 3.5 of this Prospectus for more information) (the Retail Entitlement Shortfall Facility). The offer price for the Additional New Shares will be the Issue Price of \$0.008 per Additional New Share. Any Additional New Shares must be allocated from that pool of New Shares which remain available for allocation, after the allocation of all Entitlements to each Eligible Retail Shareholder who has applied for their Entitlements (Retail Entitlement Shortfall Shares). Please see Section 3 of this Prospectus for details on how to apply for Additional New Shares.

Entitlements are non-renounceable and cannot be traded on the ASX or otherwise transferred. This means that if you choose not to take up your Entitlement you will not receive any value in respect of your Entitlement and your percentage interest in the Company will reduce.

DGR Global Limited, the largest shareholder in the Company, has agreed to underwrite the Entitlement Offer to the extent of \$3,000,000. If the Company receives applications from Eligible Retail Shareholders for Additional New Shares that would not result in the Offer being oversubscribed, it will, subject to the other terms of this policy, allocate those Additional New Shares to the Eligible Retail Shareholders who applied for them before calling upon the Underwriter to discharge its obligations in respect of the Underwritten Shares.

Key information with respect to the Entitlement Offer is set out in this Prospectus. Please read the Prospectus and the accompanying Investor Presentation carefully before deciding whether or not to invest.

The allotment of the New Shares issued under the Retail Entitlement Offer will occur on or about Wednesday 10 May 2017.

In respect of the non-underwritten component of the Offer, the Board of Directors reserves the right to place any shortfall from the Retail Entitlement Offer that is not underwritten, to third parties within three (3) months of the close of the Offer at a price no lower than the Offer Price and otherwise on the same terms.

If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional adviser.

The Board commends the Retail Entitlement Offer to you and would also like to take this opportunity to thank all shareholders for their support to date.

Yours sincerely

Nick Mather Chairman

Dark Horse Resources Limited

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1. Investment Overview

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

The Entitlement Offer is an offer of approximately 435,490,441 New Shares at \$0.008 per New Share to raise approximately \$3,483,924 (before costs). The Entitlement Offer has two components:

- (a) the Institutional Entitlement Offer which will be conducted from Monday 10 April 2017 to Tuesday 11 April 2017, with the results announced on Wednesday 12 April; and
- (b) the Retail Entitlement Offer where Eligible Retail Shareholders will be invited to apply for their Entitlements under the Retail Entitlement Offer. Retail Entitlements are also non-renounceable. The Retail Entitlement Offer also includes a shortfall facility for Eligible Retail Shareholders.

In respect of the non-underwritten component of the Offer, the Board of Directors reserves the right to place any shortfall from the Entitlement Offer to third parties within three (3) months of the close of the Entitlement Offer at a price no lower than the Offer Price, and otherwise on the same terms.

1.1 The Institutional Entitlement Offer

The Institutional Entitlement Offer will be conducted from Monday 10 April 2017 to Tuesday 11 April 2017, with the results announced on Wednesday 12 April.

The Institutional Entitlement Offer provided Eligible Institutional Shareholders with the opportunity to subscribe for one (1) New Share for every two (2) Shares held at an Issue Price of \$0.008. Performance Rights attached to the New Shares allotted under the Institutional Entitlement Offer on the same terms as outlined in this Prospectus. The New Shares will be issued under the Institutional Entitlement Offer on or about Tuesday 18 April 2017.

1.2 The Retail Entitlement Offer

The Retail Entitlement Offer is being conducted pursuant to this Prospectus, and is an offer to Eligible Retail Shareholders only. However the Company, in consultation with the Underwriter, may agree to extend the Retail Entitlement Offer to certain institutional shareholders who did not participate in the Institutional Entitlement Offer or to other retail shareholders (subject to compliance with applicable laws).

Overall, the Entitlement Offer will raise gross proceeds of up to approximately \$3,483,924.

Eligible Shareholders are entitled to acquire 1 New Share for every 2 Shares held on the Record Date (Entitlement). Fractional Entitlements will be rounded down to the nearest whole number of New Shares. Each new Share is issued under the Entitlement Offer with one bonus right (Performance Right) that will, at the holder's election but at no cost, convert to 1 fully paid Share in the Company should the Company's 60-day volume weighted average Share price exceed 5 cents per Share at any time before their Expiry Date. The Expiry Date of the Performance Rights is 1 July 2020. The Performance Rights are unlisted and are non-transferable.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be transferred or otherwise disposed of. An Entitlement and Acceptance Form setting out your Entitlement accompanies this Prospectus. Eligible Retail Shareholders may subscribe for all or part of their Entitlement.

On the same date as announcing the Entitlement Offer, the Company applied to the ASX for the New Shares to be granted official quotation on the ASX. Trading in the New Shares under the Entitlement Offer is expected to commence on Wednesday 19 April 2017 for New Shares issued pursuant to the Institutional Entitlement Offer, and on Thursday 11 May 2017 for New Shares issued pursuant to the Retail Entitlement Offer.

1.3 Retail Entitlement Shortfall Facility

Each Eligible Retail Shareholder may apply for Additional New Shares, in addition to their Retail Entitlement, at an issue price of \$0.008 per New Share (**Retail Shortfall Offer**).

Any New Shares not taken up under the Retail Entitlement Offer by the Closing Date (Retail Entitlement Shortfall) may be made available to those Eligible Retail Shareholders who took up their full Retail Entitlement and applied for Additional New Shares under the Retail Entitlement Shortfall Facility (Retail Entitlement Shortfall Facility). There is no guarantee that such Eligible Retail Shareholders will receive the number of Additional New Shares applied for, or indeed any Additional New Shares at all.

- (a) Subject to (b), there is no cap on the number of Additional New Shares that Eligible Retail Shareholders may apply for under the Retail Entitlement Shortfall Facility, although the number of New Shares issued under the Retail Entitlement Shortfall Facility will not exceed the Retail Entitlement Shortfall following the Retail Entitlement Offer.
- (b) As the Offer does not satisfy the requirements for an equal access offer in s 615 of the Corporations Act, any Eligible Retail Shareholder with a relevant interest in less than 20% of the Shares in the Company may be restricted from increasing its relevant interest in Shares under the Retail Entitlement Shortfall Facility by virtue of s 606 of the Corporations Act.

The Directors, in conjunction with the Underwriter, shall allot and issue Additional New Shares in accordance with the allocation policy for the Retail Entitlement Shortfall set out in Section 3.5. The Company may reject any Application for Additional New Shares or allocate fewer Additional New Shares than applied for by Eligible Retail Shareholders for Additional New Shares. The ability for the Company to issue Additional New Shares is dependent upon the extent of any Retail Entitlement Shortfall. Applications for Additional New Shares must be made in the Additional New Shares section on the Entitlement and Acceptance Form accompanying this Prospectus.

1.4 Eligibility of Retail Shareholders

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders only. **Eligible Retail Shareholders** are Shareholders on the Record Date who:

- (a) are not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder;
- (b) have a registered address in Australia or New Zealand or is a Shareholder that the Company has otherwise determined is eligible to participate;
- (c) are not in the United States and are not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States; and
- (d) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or other disclosure document to be lodged or registered.

The Retail Entitlement Offer is not being extended to the Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand.

1.5 Capital Structure

Shares

The capital structure of Dark Horse following the issue of New Shares (assuming the maximum number of New Shares is issued under the Entitlement Offer) will be as follows:

Shares on issue on announcement of the Entitlement Offer	870,980,881
Shares to be issued under the Entitlement Offer (1)	435,490,441
Shares on issue after the Entitlement Offer	1,306,471,322

(1) This assumes no existing Options are exercised before the Record Date.

The potential effect of the Performance Rights (refer below) should also be noted.

Options

As at the date of this Prospectus Dark Horse has on issue 46,000,000 Options exercisable at 1 cent each. The exercise price of all Options and the number of the underlying Shares to which the Options relate will be adjusted in accordance with the ASX Listing Rules following the Retail Entitlement Offer and their terms. The Options do not carry an entitlement to participate in the Retail Entitlement Offer.

Performance Rights

If the Entitlement Offer (comprising both the Institutional and Retail components) is fully subscribed, approximately 435,490,441 Performance Rights will also be issued to Eligible Shareholders. Should the Company's 60-day volume weighted average Share price exceed 5 cents per Share before 1 July 2020, the Performance Rights will, at the holder's election but at no cost, convert to a further 435,490,441 fully paid ordinary Shares.

1.6 New Share Terms

Upon issue, each New Share will rank equally with all existing Shares then on issue. A summary of the rights and liabilities attaching to the New Shares is set out in Section 8.4.

1.7 Minimum Subscription

There is no minimum subscription to the Retail Entitlement Offer.

1.8 Underwritten Issue

The Entitlement Offer is underwritten as to \$3,000,000 (Underwritten Amount), by DGR Global Limited (DGR Global or the Underwriter) pursuant to an underwriting agreement between the Company and DGR Global dated on or about 7 April 2017 (Underwriting Agreement).

Under the terms of the Offer, Eligible Shareholders who are also creditors of the Company may elect to subscribe for New Shares by way of cash and/or the discharge of existing debt owed by the Company.

At the date of this Prospectus DGR Global is owed the sum of \$1,509,702 by the Company and DGR intends to apply some or all of this debt in discharging any underwriting obligation arising from the Underwriting Agreement. DGR Global has, as a minimum, committed to taking up the full extent of its Entitlement of 56,771,728 shares by converting a debt amount of \$454,174 under the Institutional Entitlement Offer.

(a) Terms of Underwriting Agreement

Key terms of the Underwriting Agreement are as follows:

- (1) The Underwriter is required to subscribe for New Shares in respect of such of the Underwritten Amount remaining after any Eligible Shareholders have taken up their Entitlements (in part or full) and after the Directors have determined the number of Shortfall Shares that will be issued to Eligible Shareholders after having accepted any applications from Shareholders to subscribe for Shortfall Shares, in accordance with this Prospectus.
- (2) The Underwriter's obligation is however subject to the Company lodging this Prospectus with the ASX, and providing the Underwriter with a Shortfall Notice and Closing Certificate by the specified time in the Underwriting Agreement (Condition Precedent).
- (3) The Underwriter's obligation to subscribe for New Shares will be reduced to the extent necessary if its obligation would cause a breach of the takeover provisions in Chapter 6 of the Corporations Act.
- (4) The Underwriter must use reasonable endeavours to procure and ensure that the Conditions Precedent is satisfied.

- (5) The Underwriter may waive any Condition Precedent, although has indicated to the Company that it will not be willing to do so.
- (6) The Underwriting Agreement contemplates and provides for sub-underwriting of an amount of not less than \$300,000.
- (7) The Company provides undertakings which are standard in an agreement of this kind and an additional undertaking that it will "not enter into any joint venture agreement or make any significant or material acquisitions in relation to the Company's projects, outside the ordinary or usual course of undertaking those projects, without shareholder approval".
- (8) The obligation of the Underwriter to underwrite the Offer is subject to the standard Termination Events, the occurrence of which may allow the Underwriter to terminate its obligations under the Underwriting Agreement upon or at any time prior to the time when all of the Underwritten Shares have been allotted by the Company in accordance with the Offer (or this Agreement).
- (9) Without limiting the Company's common law rights, the Company may terminate the Underwriting Agreement at any time prior to the cessation of the Underwriter's obligations only where there is a material breach of the Underwriting Agreement by the Underwriter.
- (10) Pursuant to the Underwriting Agreement, as consideration for underwriting the Offer, the Company has agreed to pay to the Underwriter (or its nominee) an underwriting fee (**Underwriting Fee**) of 6% of the Underwritten Amount but excluding any part of the Underwritten Amount which is discharged by Debt Conversions by Eligible Shareholders. A termination fee equal to 50% of the Underwriting Fee is payable (in cash) where the Underwriter terminates the Underwriting Agreement due to a material breach by the Company or if the Company withdraws the Offer.
- (11) Any New Shares applied for by the Underwriter in its own right under its Entitlement and all applications for New Shares received from the Prescribed Investors shall go in relief of the Underwriter's obligation in respect of the Underwritten Amount.
- (12) The Underwriting Agreement also contains other terms and conditions, and representations and warranties that are considered standard for an agreement of this type.

(b) Effect of Underwriting on Control

DGR Global currently has a Relevant Interest in 113,543,456 Shares (13.04%) of the Company.

The Underwritten Amount is \$3,000,000 of the overall Entitlement Offer, or some 375,000,000 New Shares. DGR Global has an Entitlement of some 56,771,728 New Shares under the Retail Entitlement Offer and has committed to take up all of its Entitlement under the Institutional Entitlement Offer.

If DGR Global was required to take up in its own right the whole of the Underwritten Amount less the relief it is entitled to for taking up its own Entitlement, it would increase its Relevant Interest to some 488,543,456 Shares (37.4%) of the Company.

Full details of the Underwriting Agreement are set out in Section 8.10.

1.9 How Eligible Retail Shareholders Can Apply Under the Retail Entitlement Offer

The number of New Shares to which each Eligible Retail Shareholder is entitled and the total amount an Eligible Retail Shareholder would have to pay if they choose to take up all of their rights to subscribe for New Shares is calculated as at the Record Date and is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus. This Prospectus is for the information of Eligible Retail Shareholders who are entitled and may wish to apply for the New Shares. Fractional entitlements will be rounded down to the nearest whole number.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is attached to this Prospectus in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

Shareholders who do not take up their Entitlement will find that that Entitlement lapses and the Shortfall passes to the Underwriter.

If you are an Eligible Retail Shareholder as well as a creditor of the Company, you may elect to take up your Entitlement (or any Additional New Shares allotted to you) in whole or in part by means of the conversion of some or all of the existing debt owed to you by the Company. The conversion will be undertaken on a dollar for dollar basis at the Offer Price, and in the case of any fractional entitlements.

As at the date of this Prospectus, each of the Directors is a Shareholder as well as a creditor of the Company. Each of the Directors participated in the Institutional Entitlement Offer via the conversion of some of all of the amounts owed to them by the Company.

For further details of how to take up your Entitlement and apply under the Offer, please refer to Section 3.

1.10 Applications for Additional New Shares

New Shares that are not acquired by Eligible Shareholders under the Entitlement Offer will be placed in a pool of shares referred to as Additional New Shares.

If Eligible Retail Shareholders apply for their full Entitlement they may also apply for more New Shares than the number shown on their Entitlement and Acceptance Form.

For further details regarding Additional New Shares and the Company's allocation policy for any Shortfall, please refer to Section 3.5.

1.11 Use of Funds

The funds raised under the Entitlement Offer (after payment of expenses in connection with the Offer) will be used to continue to develop Dark Horse's business and meet its strategic goals.

More particularly, funds raised under the Entitlement Offer have been earmarked for exploration activities in Argentina. The studies associated with the Company's proposed Argentinean mine mouth coal-fired power station proposal will also be advanced. The Company is planning to carry out exploration programs with the funds raised from the Entitlement Offer, including drilling, geophysical surveys and surface, rock chip sampling as well as having some funds available for corporate costs and working capital purposes.

However, in the event that circumstances change, business opportunities vary from expected, or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders.

If the full amount sought under the Entitlement Offer is not obtained, it is expected that funds raised will be applied in a manner that will allow Dark Horse to maximise the value which it is anticipated will arise from the abovementioned exploration activities. If insufficient funds are raised to pursue the above strategy, and if other capital raising initiatives are not successful, then Dark Horse would evaluate alternative strategies, including mergers, joint venture or sale of projects and operational efficiencies across the business.

1.12 Risk Factors

Investing in the Company involves risk. There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated. If you are unsure about subscribing for New Shares, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

The following sets out a summary of some of the key risks relevant to the Company and its operations (further details are contained in Section 7):

Risk	Details	
Exploration and Evaluation Risk	Coal and mineral deposit exploration and development are high risk undertakings and even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. There can be no assurance that exploration will result in the discovery of an economic deposit and a number of factors outside the control of the Company can affect this outcome. The success of the Company is dependent on exploration success.	
Operational risks and costs	Prosperity for Dark Horse and its subsidiaries will depend largely upon an efficient and successful implementation of all the aspects of exploration, developments, business activities and management of commercial factors. Exploration has been and will continue to be hampered on occasions by unforeseen weather events, accidents unforeseen cost changes, environmental considerations, natural events and other incidents beyond the control of Dark Horse.	
Lakes Oil NL Investment Risks	The Company presently holds some 38.4% of ASX listed Lakes Oil NL. The company has instituted legal proceedings against the Victorian Government arising from the decision by that Government to implement a total ban on hydraulic stimulation and coal seam gas exploration within onshore Victoria, and to extend the ban on all other onshore petroleum exploration until at least 2020.	
	There is no guarantee that Lakes OIL NL will be successful in the legal proceedings or that it will be able to carry out exploration on its existing petroleum licences at some time in the future.	
Contractual and joint venture risk	The Company may wish to develop its projects or future projects through joint venture arrangements, while a number of the Company's projects are already the subject of joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to the Company, could be affected by the failure or default of any of the joint venture participants. With respect to the Company's planned drilling, the Company has not yet secured the use of any drilling equipment. Failure to enter into drilling contracts in respect of the proposed drilling programmes for each of these projects will negatively impact on the ability of the Company to carry out its exploration and development programmes in these areas.	
Commodity prices	Dark Horse 's prospects and perceived value will be influenced from time to time by the prevailing short-term prices of the commodities targeted in its exploration programs. Commodity prices fluctuate and are affected by factors including supply and demand for mineral products, hedge activities associated with commodity markets, the costs of production and general global economic and financial market conditions. These factors may cause volatility which in turn, may affect the Company's ability to finance its future exploration and/or bring Dark Horse's to market.	
Additional requirements for capital	The Company may require additional funds in the future to achieve its objectives. There is no assurance that these funds will be available in the future, or if they are available, that they will be on commercially acceptable terms to the Company. If adequate additional funding is not available or acceptable on the Company's terms, the Company's	

Risk	Details
	business will be materially and adversely affected. Any additional equity financing may also have the affect of diluting the existing share holdings. The Company may decide to raise additional funds in the future through further capital raisings. This may result in the Company issuing additional shares in the Company to third parties who are not presently shareholders of the Company. As a result, existing shareholdings may be diluted.

Further details regarding risks which may affect the Company in the future are set out in Section 7.

The New Shares offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to their future performance.

2. Details of the Entitlement Offer

2.1 Offer to Eligible Shareholders

The Directors of Dark Horse have approved an accelerated non-renounceable Entitlement Offer of 435,490,441 New Shares on the basis of 1 New Share for every 2 Shares held at an Offer Price of \$0.008 per New Share to raise approximately \$3.48m (before costs of the Offer). The Entitlement Offer is comprised of both the Retail Entitlement Offer and the Institutional Entitlement Offer. The Institutional Entitlement Offer will be conducted from Monday 10 April 2017 to Tuesday 11 April 2017, with the results announced on Wednesday 12 April 2017.

Under the Retail Institutional Offer, Eligible Retail Shareholders of Dark Horse are entitled to subscribe. Only those Eligible Retail Shareholders shown on the share register at 7:00pm (AEST) on the Record Date of Wednesday 12 April 2017 will be entitled to participate in the Retail Entitlement Offer.

Each new Share is issued with one bonus right (**Performance Right**) that will, at the holder's election but at no cost, convert to 1 fully paid Share in the Company should the Company's 60-day volume weighted average Share price exceed 5 cents per Share at any time before their Expiry Date. The Expiry Date of the Performance Rights is 1 July 2020. The Performance Rights are unlisted and non-transferable. Full details of the Performance Rights are as outlined in Annexure A.

Dark Horse has applied to the ASX for the New Shares to be granted Official Quotation on the ASX. Trading in the New Shares under the Entitlement Offer is expected to commence on Wednesday 19 April 2017 for New Shares issued pursuant to the Institutional Entitlement Offer, and on Thursday 11 May 2017 for New Shares issued pursuant to the Retail Entitlement Offer. ASX Participating Organisations (as defined in the ASX Business Rules) cannot deal in the New Shares either as principal or agent until Official Quotation is granted.

2.2 Eligible Retail Shareholders

The Offer is open to Eligible Retail Shareholders that is Shareholders who are registered as at 7:00pm (AEST) on the Record Date of Wednesday 12 April 2017 with addresses in Australia and New Zealand.

Eligible Retail Shareholders are defined in Section 1.4, and do not include Shareholders with registered addresses outside Australia and New Zealand, or those shareholders who participated in the Institutional Entitlement Offer.

2.3 Retail Entitlement Offer

As an Eligible Retail Shareholder, your Entitlement will be based on a pro-rata ratio of 1 New Share for every 2 Shares held as at the Record Date. In calculating the Entitlement, fractional entitlements to New Shares determined in respect of each holding will be rounded down to the nearest whole number of New Shares. The Offer Price for New Shares will be \$0.008 per New Share.

Shareholders who take up their Entitlements in full will not have their percentage shareholding in Dark Horse diluted as a result of the Offer.

Your Entitlement is non-renounceable, which means it cannot be sold. For further details of how to take up your Entitlement and apply under the Offer, please refer to Section 3.

2.4 Additional New Shares

New Shares that are not acquired by Eligible Retail Shareholders under the Entitlement Offer will be placed in a pool of shares referred to as Additional New Shares.

Eligible Retail Shareholders who have accepted their Entitlement in full may apply for Additional New Shares, in addition to their Entitlement, at the Offer Price. Directors of Dark Horse (and any other related parties of Dark Horse) are not permitted to apply for Additional New Shares but may take up their Entitlement, if any, and/or participate as an underwriter as disclosed in this Prospectus.

In the event that there is a Shortfall in subscriptions under the Offer, the Directors reserve the right, as contemplated within the Listing Rules and subject to the terms of the Underwriting Agreement, to allocate any Shortfall of New Shares in their discretion (which may include to subscribers for Additional New Shares) so as to ensure a maximum amount of funds is raised. They will do so in a manner which will ensure that no Shareholder will, as a consequence of taking up their Entitlement or being placed with any Shortfall, hold a relevant interest in more than 19.99% of all of the Shares in Dark Horse after completion of the Offer (except as contemplated by the Underwriting Agreement).

Applications for Additional New Shares can be made by completing the Additional New Shares section of the Entitlement and Acceptance Form, in accordance with the instructions on the form, and including the consideration for these Additional New Shares with the payment for your Entitlement.

There is no guarantee that Eligible Retail Shareholders will be successful in being allotted any of the Additional New Shares that they may apply for. The Company may reject any application for Additional New Shares or allocate fewer New Shares than applied for by subscribers for Additional New Shares.

For further details regarding Additional New Shares and the Company's allocation policy for any Shortfall, please refer to Section 3.5.

2.5 Closing Date of the Retail Entitlement Offer

Applications under the Offer must be received at the Company's Share Registry by no later than 5:00pm (AEST) on the Closing Date of Wednesday 3 May 2017.

Dark Horse reserves the right, subject to the Corporations Act, the Listing Rules and any requirements of the ASX, to accept late applications or, without notice, extend the Closing Date for the Offer. If the Closing Date is varied, subsequent dates may also be varied accordingly. Unless Dark Horse decides to accept late applications or extend the Closing Date for the Retail Entitlement Offer, applications received after 5:00pm (Brisbane time) on the Closing Date will be rejected and Application Monies will be refunded without interest.

2.6 Minimum Application

All applications must be for a whole number of New Shares. There is no minimum application under the Retail Entitlement Offer for Eligible Retail Shareholders.

2.7 Allotment and Allocation

Dark Horse will proceed to allocate New Shares to all Eligible Retail Shareholders under the Retail Entitlement Offer as soon as possible after the Closing Date and receiving ASX permission for Official Quotation of the New Shares.

Allotment of New Shares under the Retail Entitlement Offer is expected to occur on Wednesday 10 May 2017. From this date, applicants may call the Company's Share Registry to seek confirmation of this allocation.

In respect of Additional New Shares, the allocation policy is set out in Sections 3.3 and 3.5.

Successful applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

2.8 ASX Listing

Dark Horse has applied for the listing and quotation of the New Shares on ASX. If granted, Official Quotation of the New Shares under the Entitlement Offer is expected to commence on Wednesday 19 April 2017 for New

Shares issued pursuant to the Institutional Entitlement Offer, and on Thursday 11 May 2017 for New Shares issued pursuant to the Retail Entitlement Offer.

Should the New Shares under the Retail Entitlement Offer not be granted Official Quotation on ASX within 3 months after the date of this Prospectus, none of the New Shares under this Prospectus will be issued and all Application Monies will be refunded without interest to applicants within the time prescribed by the Corporations Act.

2.9 Holding Statements

Each successful applicant under the Offer will be provided with a holding statement which sets out the number of New Shares issued to that applicant under the Retail Entitlement Offer, and other information required by the Corporations Act.

Holding statements for the New Shares issued under the Retail Entitlement Offer are expected to be despatched on or about Friday 12 May 2017. It is the responsibility of applicants to be sure of their respective holdings of New Shares prior to trading in them. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

2.10 Important Dates

Announcement of Retail Entitlement Offer and and Appendix 3B lodged with ASX	Monday 10 April 2017
Notice of Retail Entitlement Offer sent to Ineligible Shareholders	Monday 10 April 2017
Conduct of Institutional Entitlement Offer while in a trading halt	Monday 10 April to Tuesday 11 April 2017
Trading on Ex basis	Wednesday 12 April 2017
Record Date for the Retail Entitlement Offer (7:00pm Brisbane time)	Wednesday 12 April 2017
Despatch of Prospectus	Thursday 13 April to Monday 10 April 2017
Opening Date of Retail Entitlement Offer (9:00am Brisbane time)	Tuesday 18 April 2017
Closing Date of Retail Entitlement Offer (5:00pm Brisbane time)	Wednesday 3 May 2017
Announce results of Retail Entitlement Offer	Monday 8 May 2017
Allotment Date - expected date of allotment of the New Shares issued under the Retail Entitlement Offer and the Shortfall Share Offer (if any)	Wednesday 10 May 2017
Normal trading begins	Thursday 11 May 2017
Despatch Date - expected date of despatch of New Shares holding statements under the Retail Entitlement Offer and the Shortfall Facility (if any), and deferred settlement trading ends	Friday 12 May 2017

These dates are indicative only and subject to change. Dark Horse in consultation with the Underwriter reserves the right, subject to the Corporations Act and the Listing Rules, to change any date including to extend the Closing Date of the Offer, to close the Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares. If the Offer is withdrawn, Application Monies will be returned without interest.

2.11 No Rights Trading

Entitlements pursuant to the Retail Entitlement Offer are non-renounceable and accordingly will not be traded on ASX.

2.12 CHESS

Dark Horse will apply to ASX Settlement Corporation Pty Ltd (ASC) for the New Shares to participate in the Clearing House Electronic Subregister System (CHESS). After allotment of the New Shares, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Prospectus. The statement will also advise holders of their Holder Identification Number. Further statements will be provided to holders which reflect any changes in their holding in Dark Horse during a particular month.

2.13 Options

The Company currently has 46,000,000 unlisted Options on issue, each of which entitles the holder to subscribe for 1 Share in Dark Horse. The exercise prices for the Options range from 1 to 2 cents each.

The terms of the Options do not permit the holders to participate in the Retail Entitlement Offer, except by exercise of the Options and thereby acquiring the underlying Shares in Dark Horse before the Record Date for the Offer. While the Company has not received any information as to whether or not, or to what extent, if any, existing Optionholders intend to convert their Options into Shares prior to the Record Date, the Directors consider that it is unlikely as the exercise price of each Option is higher than the price at which Shares in Dark Horse have been trading on ASX in recent times.

If all entitled existing Optionholders elect to exercise all their Options prior to the Record Date and participate in the Retail Entitlement Offer, a further 23,000,000 New Shares may be issued under this Prospectus (**Option Exercise Shares**). The Entitlements accruing in respect of Option Exercise Shares are not underwritten.

The terms of some of the Options provide for an adjustment in their exercise price according to a formula based on the formula in rule 6.22.2 of the Listing Rules.

The exercise price adjustment takes effect upon issue of the New Shares offered under the Entitlement Offer and is, in part, dependent on the difference between the price under the Entitlement Offer and the volume weighted average closing price of Dark Horse Shares sold on ASX for the 5 trading days ending on the day before the "ex-date" for the Entitlement Offer. Accordingly, that market price will be determined after the "ex-date" and if there is any change to the exercise price of any Options in consequence, Dark Horse will notify ASX of the change in accordance with rule 3.1.2 of the Listing Rules.

Please refer to Section 6.2 for further details of existing Options on issue.

2.14 Electronic Prospectus

An electronic version of this Prospectus is available online at www.darkhorseresources.com.au

The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Prospectus. Dark Horse will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While Dark Horse believes it is extremely unlikely that in the Retail Entitlement Offer period the electronic version of the Prospectus will be tampered with or altered in any way, Dark Horse cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from Dark Horse or the Share Registry.

3. How Eligible Retail Shareholders Can Apply Under the Retail Entitlement Offer

This section does not apply to Shareholders with registered addresses outside Australia and New Zealand.

3.1 How to apply under the Retail Entitlement Offer

The number of New Shares which you are entitled to subscribe for under the Retail Entitlement Offer is shown on the accompanying Entitlement and Acceptance Form. You may:

- (a) take up all of your Entitlement and subscribe for all of the New Shares to which you are entitled;
- (b) take up all of your Entitlement and subscribe for all of the New Shares to which you are entitled, and apply for Additional New Shares in the Shortfall, if there is one;
- (c) take up some of your Entitlement and allow the balance to lapse; or
- (d) not take up any of your Entitlement and allow it to lapse.

3.2 Taking up some or all of your Entitlement

The Offer Price of \$0.008 per New Share is payable in full on acceptance of part or all of your Entitlement.

Pay by cheque

If you wish to take up some or all of your Entitlement and pay for the New Shares by cheque, you should complete the accompanying Entitlement and Acceptance Form (for all of the New Shares offered to you or such lesser number you wish to accept) in accordance with the instructions set out on the form.

Completed forms should be forwarded, together with your cheque for the amount due in respect of the number of New Shares you have accepted (being that number multiplied by \$0.008 (overseas Shareholders will need to affix the appropriate postage) so that it is received by Dark Horse's Company Secretary by no later than 5:00 pm (Brisbane time) on the Closing Date of Wednesday 3 May 2017 by posting the form and payment to:

Computershare Investor Services Pty Limited

GPO BOX 505

Melbourne Victoria 3001 Australia

Cheques must be for payment in Australian currency and drawn on an Australian financial institution or an Australian branch of a foreign financial institution. Cheques should be made payable to "Dark Horse Resources Limited" and crossed "Not Negotiable". Do not send cash. Receipts for payment will not be forwarded to Shareholders who subscribe for New Shares.

Your completed Entitlement and Acceptance Form, once sent to Dark Horse's Share Registry, cannot be withdrawn.

Pay by BPAY®

Alternatively, you may wish to make payment through the BPAY® facility. Payment by BPAY® should be made in accordance with the instructions set out on the Entitlement and Acceptance Form using the reference number shown on the form and must be made by 5:00 pm (Brisbane time) on the Closing Date of Wednesday 3 May 2017. The reference number is used to identify your holding.

If you have multiple holdings, you will also have multiple reference numbers. You must use the reference number shown on each Entitlement and Acceptance Form to pay for each holding separately.

If you make your payment by BPAY® you do not need to complete and return the Entitlement and Acceptance Form. Your BPAY® payment cannot be withdrawn.

Pay through conversion of debt

If in addition to being an Eligible Retail Shareholder you are also a creditor of the Company, you may elect to take up your Entitlement in whole or in part by means of the conversion of some or all of the existing debt owed to you by the Company. The conversion will be undertaken on a dollar for dollar basis at the Offer Price, and in the case of any fractional entitlements, the number of New Shares arising from the conversion of the debt shall be rounded to the nearest whole number. Election to settle the subscription amounts owing in respect of the Entitlement by conversion of an existing debt, is provided for on the Entitlement and Acceptance Form.

3.3 Applying for Additional New Shares from any Shortfall

Pay by cheque

If you wish to take up all of your Entitlement and apply for any Additional New Shares remaining upon any Shortfall, you should complete the accompanying Entitlement and Acceptance Form for all of the Additional New Shares offered to you in accordance with the instructions set out on the form, and also specify the total number of Additional New Shares you wish to apply for in the space provided on the form.

Completed forms should be forwarded, together with your cheque for the amount due in respect of the number of Additional New Shares you have accepted and applied for (being that number multiplied by \$0.008 in accordance with the instructions on the form. Your completed Entitlement and Acceptance Form, once sent to Dark Horse's Company Secretary, cannot be withdrawn.

Pay by BPAY®

Alternatively, you may wish to make payment through the BPAY® facility. In that case follow the instructions for payment by BPAY® set out on the Entitlement and Acceptance Form as noted in Section 3.2 above.

If you make your payment by BPAY® you do not need to complete and return the Entitlement and Acceptance Form. Your BPAY® payment cannot be withdrawn.

Pay through conversion of debt

If you wish to take up all of your Entitlement and apply for any Additional New Shares remaining upon any Shortfall, and you are also a creditor of the Company, you may elect to pay for any Additional New Shares allotted to you, in whole or in part by means of the conversion of some or all of the existing debt owed to you by the Company. The conversion will be undertaken on a dollar for dollar basis at the Offer Price, and in the case of any fractional entitlements, the number of Additional New Shares arising from the conversion of the debt shall be rounded to the nearest whole number. Election to settle the subscription amounts owing in respect of Additional New Shares allotted to you, by conversion of an existing debt, is provided for on the Entitlement and Acceptance Form.

3.4 Entitlement and Acceptance Form is Binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY®, constitutes a binding offer to apply for New Shares on the terms and conditions set out in this Offer Document and, once lodged or paid, cannot be withdrawn. Your application will be considered to be for as many New Shares as your payment will cover.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite application money or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Retail Shareholder and are not in the United States and are not a nominee or custodian acting for the account or benefit of a person in the United States, unless the Company has given you notice that you are eligible to participate in the Retail Entitlement Offer, and are not otherwise a person to whom it would be illegal to make an offer or issue of New Shares under the Retail Entitlement Offer;
- (b) the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia and New Zealand; and
- (c) you have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States.

3.5 Additional New Shares and Allocation Policy for Shortfall

New Shares from any Shortfall will only be allocated and issued if all Eligible Retail Shareholders do not apply for their full Entitlements and the Offer is consequently undersubscribed. New Shares that are not acquired by Eligible Retail Shareholders under the Offer will be placed in a pool of shares referred to as Additional New Shares.

Allocation of any Additional New Shares will be at the discretion of the Directors of Dark Horse (or their delegate for this purpose) in accordance with the following policy:

- (a) The Directors reserve the right, as contemplated within the Listing Rules and subject to the terms of the Underwriting Agreement, to allocate any Shortfall of New Shares in their discretion (which may include to subscribers for Additional New Shares) so as to ensure a maximum amount of funds is raised. They will do so in a manner which will ensure that no Shareholder will, as a consequence of taking up their Entitlement or being placed with any Shortfall, hold a relevant interest in more than 19.99% of all of the Shares in Dark Horse after completion of the Offer (except as contemplated by the Underwriting Agreement and / or unless an exception to Section 611 of the Corporations Act applies).
- (b) If Dark Horse receives applications from Eligible Retail Shareholders for Additional New Shares that would not result in the Offer being oversubscribed, Dark Horse will, subject to the other terms of this policy, allocate those Additional New Shares to the Eligible Retail Shareholders who applied for them before calling upon the Underwriter to discharge its obligations in respect of the Underwritten Shares.
- (c) If Dark Horse receives applications for Additional New Shares that would result in the Offer being oversubscribed, Dark Horse will not accept such oversubscriptions and will reject or scale back applications in a manner that the Board determines will result in the Eligible Retail Shareholders who applied for the Additional New Shares being allocated the number of Additional New Shares that best approximates a pro rata allocation of the Additional New Shares by reference to their respective Shareholdings on the Record Date, provided that any such allocation will be in the ultimate discretion of the Board and provided that no Eligible Retail Shareholders are to be allocated more Additional New Shares than they applied for.
- (d) Additional New Shares will be issued at the same time as all other New Shares are issued under the Offer.
- (e) Dark Horse will not allocate or issue any additional New Shares from a Shortfall where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law. Eligible Retail Shareholders wishing to apply for Additional New Shares must consider whether the issue of the Additional New Shares applied for would breach the Corporations Act or the Listing Rules having regard to their own circumstances.
- (f) Directors of Dark Horse (and any other related parties of Dark Horse) are not permitted to apply for Additional New Shares but may take up their Entitlement, if any, and/or participate as an underwriter as disclosed in this Prospectus.

(g) If Dark Horse does not receive applications for all of the Additional New Shares on any Shortfall, the Directors of Dark Horse (or their delegate for this purpose) reserve the right if there are still Additional New Shares that have not been applied for to place or otherwise issue them at their discretion (but at not less than the price under the Offer).

There is no guarantee that Eligible Retail Shareholders will be successful in being allotted any of the Additional New Shares that they may apply for. The Company may reject any application for Additional New Shares or allocate fewer New Shares than applied for by subscribers for Additional New Shares.

3.6 Allotment and Allocation Policy

The Company will proceed to allocate New Shares as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Shares.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk.

3.7 ASX Listing

The Company will apply for the listing and quotation of the New Shares on the ASX forthwith after the issue of the Prospectus. If granted, quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

Should the New Shares not be granted official quotation on the ASX within three (3) months after the date of this Prospectus, none of the New Shares under this Prospectus will be issued and all Acceptance Money will be refunded without interest to Applicants within the time prescribed by the *Corporations Act*.

3.8 Return of surplus Application Monies

Application Monies received but not applied towards subscriptions for Additional New Shares on a Shortfall will be refunded as soon as reasonably practicable following the allocation of the Additional New Shares. No interest will be paid on Application Monies held and returned.

3.9 Acceptance

Receipt of your payment will constitute acceptance in accordance with, and your agreement to, the terms of the Retail Entitlement Offer, including those set out in this Prospectus.

The amount payable on acceptance will not vary during the period of the Retail Entitlement Offer and no further amount is payable on allotment. Application Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by Dark Horse on behalf of the applicants. Any interest earned on the Application Monies will be retained by Dark Horse irrespective of whether allotment takes place.

You should note that Dark Horse is not required to issue any New Shares to a person accepting the Retail Entitlement Offer under this Prospectus unless:

- (a) the Share Registry receives a completed Entitlement and Acceptance Form and a cheque for the full amount due in respect of the New Shares by 5:00 pm (AEST) on the Closing Date of Wednesday 3 May 2017, and there are sufficient funds in the account on which the cheque is drawn so that the cheque clears in favour of Dark Horse when it is first presented for payment; or
- (b) payment is received via the BPAY® facility for the relevant number of New Shares by 5:00 pm (Brisbane time) on the Closing Date of Wednesday 3 May 2017.

3.10 Allow Entitlement to Lapse

The Entitlement to which you are entitled may be valuable. If you decide not to take up some or all of your Entitlement, the Entitlement not taken up will lapse.

If you do not wish to exercise any of your Entitlement, you are not required to do anything. In that case, your Entitlement will lapse without any benefit to you.

3.11 Additional Information

Payment will only be accepted in Australian currency and cheques and BPAY® payments must be drawn on an Australian bank, credit union or building society.

No stamp duty, brokerage or handling fees are payable by the applicant for New Shares offered by this Prospectus.

4.	Company Presentation
	A copy of the Company's latest Investment Presentation accompanies this Prospectus.

5. Effect of Entitlement Offer on the Company

5.1 Financial Position

To illustrate the effect of the Entitlement Offer on the Company, the pro-forma consolidated balance sheet has been prepared based on the half yearly financial report issued by the Company and the subject of audit review as at 31 December 31 2016.

The pro-forma balance sheet shows the effect of the Offer including the Additional Placement. The pro-forma assumes that the Entitlement Offer is fully subscribed.

The accounting policies adopted in preparation of the pro-forma consolidated balance sheet are consistent with the policies adopted and as described in the Company's financial statements for the half year ended 31 December 2016.

Based on the intentions of DGR Global and the Company's Board and management, the significant effects of the Entitlement Offer (assuming the Offer is fully subscribed) will be to:

- (a) increase cash reserves by approximately \$2,317,164 (before cash expenses of the Offer which are estimated to be \$120,000);
- (b) decrease the Company's current indebtedness by approximately \$1,166,760 based on DGR Global and each of the Directors who are currently creditors of the Company taking up some or all of their Entitlement by way of debt conversion); and
- (c) increase the number of Shares by 435,490,441, assuming no existing options are exercised before the Record Date.

The financial information has been prepared by management and adopted by the Board. The Board is responsible for the inclusion of all financial information in the Prospectus.

The historical and pro-forma financial information has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and the Company's significant accounting policies. The historical and pro-forma financial information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act.

5.2 Historical Financial Information

The historical financial information for the Company set out below comprises the half yearly financial report which has been the subject of audit review as at 31 December 2016. The historical financial information has been extracted from the half yearly financial report for the half year ended 31 December 2016. The Company is an exploration company, primarily exploring for coal, lithium and gold in Argentina, and with other asset interests in Australia. During the period from incorporation to 30 June 2016, the Company has not earned any revenue from operations and therefore presentation of the Statement of Comprehensive Income and Statement of Cash Flows is not considered relevant.

5.3 Pro-forma Financial Information

The pro-forma financial information for the Company set out below comprises the unaudited Pro-Forma Statement of Financial Position as at 31 December 2016.

The unaudited Pro-Forma Statement of Financial Position has been derived from the half yearly financial report as at 31 December e 2016 adjusted for the following transactions as if they had occurred at 30 June 2016 (proforma transactions):

- the issue of 435,490,441 Shares pursuant to the Offer issue at an Offer Price of \$0.008 per Share to raise \$3,483,924 before costs, being \$2,317,164 in cash and \$1,166,760 in debt reduction; and
- (b) the total costs expected to be incurred in connection with the preparation of the Prospectus of approximately \$120,000.

All New Shares issued pursuant to this Prospectus will be issued as fully paid.

5.4 Dark Horse's Historical and Pro-forma Financial Information

Statement of Financial Position	Consolidated Statement of Financial Position 31 December 2016 \$	Pro-Forma Financial Information 31 December 2016
	*	*
Current assets		
Cash and cash equivalents	498,621	2,695,785
Trade and other receivables	32,357	32,357
Prepayments	4,158	4,158
Assets held for sale	223,674	223,674
Total current assets	758,810	2,955,974
Non-acceptance to		
Non-current assets	COA 7CO	604.769
Other financial assets Exploration and evaluation assets	604,768	604,768 1,523,288
Total non-current assets	1,523,288	
Total non-current assets	2,128,056	2,128,056
Total assets	2,886,866	5,084,030
Current liabilities		
Related party loans	841,173	-
Deferred income	400,000	400,000
Trade and other payables	1,738,777	1,413,190
Total current liabilities	2,979,950	1,813,190
Non Comment linkilities		
Non-Current liabilities	4 004	4.004
Deferred tax liability	1,931	1,931
Total non-current liabilities	1,931	1,931
Total liabilities	2,981,881	1,815,121
Net assets	(95,015)	3,268,909
Equity		
Issued capital	15,547,072	18,910,996
Reserves	900,888	900,888
Accumulated losses	(16,542,975)	(16,542,975)
Total equity	(95,015)	3,268,909

6. Control Issues Arising from the Entitlement Offer

6.1 Present Position

As at the date of this Prospectus, the Directors are of the view that there is no one entity that "controls" the Company within the meaning of the Corporations Act. The largest Shareholder is DGR Global Limited, which currently holds 113,543,456 Shares, representing 13.04% of the Shares on issue prior to the date of this Prospectus.

6.2 Capital Structure

Assuming full subscription under the Entitlement Offer, the share capital structure of Dark Horse immediately following the Entitlement Offer (but assuming no New Shares are issued on the basis of the exercise of Options prior to the Record Date) will be as follows:

Ordinary Shares on issue prior to the Entitlement Offer	870,980,881
Number of New Shares available under the Entitlement Offer	435,490,441
Ordinary Shares on issue following a full take-up of the Entitlement Offer	1,306,471,322

As at the date of this Prospectus, the Company has the following Options on issue:

Number of Options	Exercise Price	Expiry Date
14,000,000	1 cent each	07.10.2017
12,000,000	1 cent each	26.11.2017
20,000,000	2 cents each	28.06.2018

If the Entitlement Offer (comprising both the Institutional and Retail components) is fully subscribed, approximately 435,490,441 Performance Rights will also be issued to Eligible Shareholders. Should the Company's 60-day volume weighted average Share price exceed 5 cents per Share before 1 July 2020, the Performance Rights will, at the holder's election but at no cost, convert to a further 435,490,441 fully paid ordinary Shares.

6.3 Potential Effect of the Entitlement Offer on Control

The Entitlement Offer is a pro-rata offer so that if all Eligible Shareholders take up their entitlements and none of the Option Holders exercise their Existing Options and participate in the Offer, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Entitlement Offer on the control of the Company.

However, the proportional shareholdings of Shareholders who are not resident in Australia and New Zealand may be diluted as those Shareholders are not entitled to participate in the Entitlement Offer. Additionally, if an Eligible Shareholder does not take up their entitlement in full, there may be a dilutionary effect on that Shareholder's proportional shareholdings.

The overall Entitlement Offer is underwritten as to \$3,000,000 by DGR Global.

DGR Global currently has an interest in 113,543,456 Shares on issue (representing a 13.04% interest) and an Entitlement to 56,771,728 New Shares under the Entitlement Offer, which it has committed to taking up under the Institutional Entitlement Offer.

DGR Global's final shareholding and voting power will depend upon the take up under the Entitlement Offer by Eligible Shareholders under both the Institutional and Retail components.

The following tables set out the voting power in the Company's Shares for the Underwriter under various scenarios of take-up (assuming that no Options are exercised prior to the Record Date).

Scenario 1 - 100% take up

Under Scenario 1, all Eligible Shareholders take up their Entitlements under the Entitlement Offer and the Entitlement Offer is fully subscribed. In this case the Underwriter would maintain their existing interest.

Scenario 1 – Entitlement Offer fully subscribed	Total for Company	DGR Global acquires its Entitlement	
	Number of Shares	Number of Shares	Voting power
Shares on issue pre-Offer	870,980,881	113,543,456	13.04%
New Shares issued pursuant to the Offer	435,490,441	56,771,728	
Total post-Offer	1,306,471,322	170,315,184	13.04%

Scenario 2 - approximately 50% take up

Under Scenario 2, subscriptions from Eligible Shareholders total 50% of the Entitlement Offer and as a result the Underwriter is required to subscribe for a total of 187,500,000 New Shares (including its own entitlement) in accordance with the Underwriting Agreement. This assumes that the Directors are successful in placing the shortfall from the Offer.

Scenario 2 – Subscriptions total 50% of the Entitlement Offer	Total for Company	DGR Global acquires 187,500,000 New Shares pursuant to Underwriting Agreement	
	Number of Shares	Number of Shares	Voting power
Shares on issue pre-Offer	870,980,881	113,543,456	13.04%
New Shares issued pursuant to the Offer	435,490,441	187,500,000	
Total post-Offer	1,306,471,322	301,043,456	23.04%

Scenario 3 – approximately 25% take up

Under Scenario 3, subscriptions from Eligible Shareholders total 25% of the Entitlement Offer and as a result the Underwriter is required to subscribe for 281,250,000 New Shares (including its own entitlement) in accordance with the Underwriting Agreement. This assumes that the Directors are successful in placing the shortfall from the Offer.

Scenario 3 – Subscriptions total 25% of the Entitlement Offer	Total for Company	DGR Global acquired 93 of New Shares pursuant to Underwriting Agreement	
	Number of Shares	Number of Shares	Voting power
Shares on issue pre-Offer	870,980,881	113,543,456	13.04%
New Shares issued pursuant to the Offer	435,490,441	281,250,000	
Total post-Offer	1,306,471,322	394,793,456	30.22%

If DGR Global was required to take up in its own right the whole of the Underwritten Amount less the relief it is entitled to for taking up its own Entitlement, and assuming the Directors were successful in placing the shortfall arising from the Offer, DGR Global would increase its Relevant Interest to some 488,543,456 Shares (37.39%) of the Company. As an underwriter, DGR Global is entitled pursuant to item 13 of s 611 of the Corporations Act to increase its relevant interest and voting power from below 20% to above 20%.

6.4 Potential Effect of the Retail Entitlement Offer on Control of Other Entities

The Company presently holds some 38.4% of the voting shares in ASX listed Lakes Oil NL.

Presently DGR Global holds some 13.04% of the voting shares in Dark Horse Resources.

In the event that pursuant to item 14 of s 611 of the Corporations Act, DGR Global was pursuant to its obligations under the Underwriting Agreement to acquire a relevant interest and voting power in more than 20% of the Company, it would be deemed to acquire the same relevant interest and voting power in respect of voting shares in Lakes Oil NL that the Company holds.

7. Risk Factors

7.1 Introduction

There are risks which may impact on the operating and financial performance of the Company and, therefore, on the value of the New Shares offered under this Prospectus. Some of these risks can be mitigated by the Company's systems and internal controls, but many are outside of the control of the Company and the Board. There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements will eventuate. An investment in a business with limited operating history, such as Dark Horse, is considered highly speculative and an investor could lose most or all of any investment. There are also general risks associated with any investment in shares.

More specifically, the risks are that:

- (a) the price at which the applicant is able to sell the New Shares is less than the price paid due to changes in market circumstances;
- (b) the applicant is unable to sell the New Shares;
- (c) the Company is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment; and
- (d) the Company fails to generate sufficient profit in order to pay dividends.

In the event of insolvency, the holders of fully paid ordinary Shares would not normally be liable to pay money to any person. An exception could occur where a distribution, such as a dividend, has been made to Shareholders in circumstances where the Company was unable at that time to meet the solvency test set out in the Corporations Act. In that case, a liquidator may call for a return of such distributions.

Potential investors should therefore carefully consider all associated risks before applying for New Shares under this Prospectus and should consider their personal circumstances (including financial and taxation issues) and seek advice from their stockbroker, accountant, solicitor or other professional advisers before deciding whether to invest.

A number of material risk factors which may adversely affect the Company and the value of the New Shares offered under this Prospectus are set out in this Section. This is not an exhaustive list and there may be other factors which have an adverse effect on the Company and the value of the Shares offered under this Prospectus.

7.2 Key risks specific to an investment in the Company

(a) Regulatory risk and government policy

The availability and rights to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of Dark Horse.

The relevant government departments in the countries in which Dark Horse has interests do conduct reviews from time to time of policies in connection with the granting and administration of mining tenements. At present Dark Horse is not aware of any proposed changes to policy that would affect its tenements.

Changing attitudes to environmental, land care, cultural heritage or traditional religious artefacts and indigenous land rights issues, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect the Company's exploration plans or, indeed, its rights and/or obligations with respect to the tenements.

(b) Exploration and evaluation risk

Gold deposit exploration and development are high risk undertakings and even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. There can be no assurance that exploration will result in the discovery of an economic deposit and a number of factors

outside the control of the Company can affect this outcome. The success of the Company is dependent on exploration success.

(c) Victorian exploration risk

The Company presently holds some 38.40% of ASX listed Lakes Oil NL which holds petroleum exploration interests in Victoria. The Victorian Government has tabled legislation (Resources Legislation Amendment (Fracking Ban) Bill 2016) to give itself the power to implement a total ban on hydraulic stimulation and coal seam gas exploration within onshore Victoria, and to extend the ban on all other onshore petroleum exploration until at least 2020. The ban on these activities was first introduced in 2012. At the date of this Prospectus the legislation has not yet passed through the Victorian Parliament and there is no specific timetable for it to be considered. If the legislation passes through Parliament in its present form then Lakes Oil NL will not be able to undertake petroleum exploration activities, including straightforward testing of existing wells, within its Victorian exploration acreage. If the legislation does not pass through Parliament then the Victorian Government will not have the power to enforce the exploration ban, but it is unlikely this would result in a straightforward resumption of exploration activity. It is also possible that the legislation could be amended before passing through Parliament, in which case it is unclear what impact the amended legislation could have. The Company is aware that Lakes Oil NL has taken actions to deal with the Victorian exploration ban including:

- the acquisition of exploration acreage in Queensland and South Australia; and
- the initiation of litigation proceedings against the Victorian Government seeking compensation from the Victorian Government for damages caused to the Company and its shareholders by the Government's actions,

however, the extent if any to which Lakes Oil NL may be able to undertake exploration activity within Victoria is unclear, and the Victorian Government is not allowing the processing of any exploration activity approvals.

(d) Litigation risk

On 6 December 2016 Lakes Oil NL initiated legal proceedings against the Victorian Government in the Supreme Court of Victoria. Through the legal proceedings the Company is claiming for damages arising from 'derogation from grant'. The derogation from grant claim is based upon a fundamental legal principle that a party, having given a thing with one hand, is not to take away the means of enjoying it with the other. The legal proceedings, by their nature, involve significant risk.

The Victorian Government is attempting to include in the legislation it has referred to Parliament provisions to retrospectively avoid liability for the damages caused by its actions. There is no guarantee that Lakes OIL NL will be successful in formulating avenues to overcome this unprecedented Government action.

(e) Insurance risk

The Company maintains insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance however, can be given that the Company will be able to continue to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

(f) Operational risks and costs

Prosperity for Dark Horse and its subsidiaries will depend largely upon an efficient and successful implementation of all the aspects of exploration, developments, business activities and management of commercial factors.

Exploration has been and will continue to be hampered on occasions by unforeseen weather events, accidents, unforeseen cost changes, environmental considerations, natural events and other incidents beyond the control of Dark Horse.

By its nature, the business of exploration is a highly speculative endeavour and involves significant risks. The Company's performance depends on the successful exploration and/or acquisition of Resources or Reserves, competent operational management and efficient financial management. Further, the nature of exploration can sometimes result in industrial accidents and other incidents beyond the control of the Company.

There can be no assurances that the Company's exploration programs described in this Prospectus or those relating to any projects or tenements that the Company may acquire in the future, will result in the discovery of a significant mineral target. Even if a significant target is identified, there is no guarantee that it will be viable for economic exploitation. Ultimate success depends on the discovery and delineation of economically recoverable mineral Resources, establishment of efficient exploration operations, obtaining necessary titles and access to projects, as well as government and other regulatory approvals.

The exploration and mining activities of the Company may be affected by a number of factors, including but not limited to geological conditions, seasonal weather patterns, technical difficulties and failures, continued availability of the necessary technical equipment, plant and appropriately skilled and experienced technicians, adverse changes in government policy or legislation and access to the required level of funding.

(g) Business risks

There are risks inherent in doing business, such as unexpected changes in regulatory requirements, trade barriers, longer payment cycles, problems in collecting accounts receivable, network and infrastructure issues and potentially adverse tax consequences, any of which could adversely impact on the success of Dark Horse's operations.

(h) Contractual and joint venture risk

Dark Horse's ability to efficiently conduct its operations in a number of respects depends upon a third party product and service providers and contracts have, in some circumstances, been entered into by Dark Horse and its subsidiaries in this regard. As in any contractual relationship the ability for Dark Horse to ultimately receive benefits from these contracts are dependent upon the relevant third party complying with its contractual obligations.

To the extent that such third parties default in their obligations, it may be necessary for Dark Horse to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by Dark Horse that a legal remedy will ultimately be granted on appropriate terms.

The Company may wish to develop its projects or future projects through joint venture arrangements, while a number of the Company's projects are already the subject of joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to the Company, could be affected by the failure or default of any of the joint venture participants.

With respect to the Company's planned drilling, the Company has not yet secured the use of any drilling equipment. Failure to enter into drilling contracts in respect of the proposed drilling programmes for each of these projects will negatively impact on the ability of the Company to carry out its exploration and development programmes in these areas.

(i) Commodity prices

Dark Horse 's prospects and perceived value will be influenced from time to time by the prevailing short-term prices of the commodities targeted in its exploration programs. Commodity prices fluctuate and are affected by factors including supply and demand for mineral products, hedge activities associated with commodity markets, the costs of production and general global economic and financial market conditions.

These factors may cause volatility which in turn, may affect the Company's ability to finance its future exploration and/or bring Dark Horse's to market.

(j) Tenements

A failure to adhere to the requirements to exceed certain levels of expenditure on concessions and tenements held by Dark Horse (or its subsidiaries) in various jurisdictions may make certain concessions and tenements subject to possible forfeiture. All granted concessions and tenements are currently in good standing and, in accordance with normal industry practice. Dark Horse surrenders some or all un-prospective parts of its concessions and tenements at the appropriate time so as to manage its minimum expenditure obligations and to retain the capacity to apply for additional prospective areas.

Applications for new concessions and tenements are never certain to be granted but Dark Horse knows of no reason why any of its concession and tenement applications should not be granted in due course.

(k) Feasibility and development risks

Given the early stage of the Company's projects, there will be a complex, multidisciplinary process to be undertaken to complete a feasibility study to support any development proposal. There is a risk that the feasibility study and associated technical works will not achieve the results expected. There is also a risk that even if a positive feasibility study is produced, the project may not be successfully developed for commercial or financial reasons.

(I) Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

(m) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the outcome of the Company's exploration programs, the Company may require further financing in addition to amounts raised under this Prospectus. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs. In addition, the Company's ability to continue as a going concern may be diminished.

There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company and such circumstances will adversely affect the Company.

(n) Contractors

The Company is dependent on contractors and suppliers to supply vital services to its operations. The Company is therefore exposed to the possibility of adverse developments in the business environments of its contractors and suppliers. Any disruption to services or supply may have an adverse effect on the financial performance of the Company.

(o) Reliance on key personnel

In formulating its exploration programs, the Company relies to a significant extent upon the experience and expertise of the Directors and management. These persons possess knowledge of many of the Company's tenements through extensive personal experience of prospecting in those areas.

Although information concerning the Company's tenements has been chronicled, the loss of one or more of these key personnel may adversely affect the Company's prospects of pursuing its exploration programmes within the timeframes and within the cost structure currently envisaged.

Although the key personnel have a considerable amount of experience and have previously been successful in their pursuits of important prospecting discoveries, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Company.

(p) Employees

The ability of the Company to achieve its objectives depends on being able to retain certain key employees, skilled operators and tradespeople. The loss of key employees or skilled operators and tradespeople could significantly affect the performance of the Company's operations.

(q) Investment speculative

Potential investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Shares.

7.3 General Risks

(a) Share Market Investments

The New Shares are to be quoted on the ASX, where their price may rise or fall in relation to the Offer Price. The New Shares carry no guarantee in respect of profitability, dividends or return of capital, or the price at which they may trade on the ASX. The value of the Shares will be subject to the ASX market and hence a range of factors outside of the control of the Company and the Directors and officers of the Company. Such factors include the demand for and availability of Shares, movements in domestic and international interest rates and inflation rates, economic conditions and general economic outlook, exchange rates, fluctuations in the Australian and international share markets, taxation, government and monetary policies and demand and supply for capital. Returns from an investment in the New Shares offered under this Prospectus may also depend on general share market conditions, as well as the performance of the Company. Investors who decide to sell their New Shares may not receive the entire amount of their original investment. There can be no guarantee that an active market in the Shares will develop or that the price of the New Shares will increase.

(b) General Economic Conditions

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation have an impact on operating costs, commodity prices, and the parameters in which the Company operates. Factors that may be beyond the control of the Company include:

- (1) general economic conditions in Australia and its trading partners and, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;
- (2) financial failure or default by a participant in any of the joint ventures or other contractual relationship to which the Company is, or may become, a party;
- (3) insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- (4) industrial disputes.

These as well as other conditions can affect the Company's future revenues and profitability and the price of its securities.

(c) Industrial Risk

Industrial disruptions, work stoppages and accidents in the course of the Company's operations could result in losses and delays, which may adversely affect profitability.

(d) Management Actions

The Directors will, to the best of their knowledge, experience and ability (in conjunction with management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

(e) Government Policy and Legislative Changes

Capacity to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of the Company and which may materially adversely affect the Company and the value of its securities.

(f) Taxation

In all places where the Company has operations, in addition to the normal level of income tax imposed on all industries, the Company may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

(g) Commodity Price Risks

The Company's prospects and Share price will be influenced by the price obtained from time to time for the commodities targeted in its exploration programs. Commodity prices fluctuate and are affected by factors including the relationship between global supply and demand for minerals, forward selling by producers, costs of production and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand factors. These factors may have an adverse affect on the Company's exploration and any subsequent development and production activities, as well as its ability to fund its future activities.

(h) Foreign Exchange

Foreign exchange rates fluctuate over time. Fluctuating exchange rates have a direct effect on the Company's operating costs and cash flows expressed in Australian dollars. The Company does not currently have any formal currency hedging in place, which means that adverse changes to foreign exchange rates may have an adverse effect on the Company and its business.

(i) Environmental Risks

The Company's projects are subject to laws and regulations in relation to environmental matters. As a result, there is the risk that the Company may incur liability under these laws and regulations. The Company proposes to comply with applicable laws and regulations and conduct its programs in a responsible manner with regard to the environment.

7.4 Speculative nature of Investment

The above list of risk factors is not to be taken as exhaustive of the risks faced by the Company or by Shareholders in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Prospectus.

Accordingly, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns, returns of capital or market value at any time. Shareholders should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to take up their Entitlement.

8. Additional Information

8.1 Transaction Specific Prospectus

Dark Horse is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, Dark Horse is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Prospectus is issued under Section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by ASX at all times during the three months before the date of the Prospectus or options to acquire such securities. Apart from formal matters, this Prospectus needs only to contain information relating to the terms and conditions of the Entitlement Offer, the effect of the Entitlement Offer on the Company and the rights and liabilities attaching to the New Shares.

Copies of the documents lodged by Dark Horse with ASIC may be obtained from, or inspected at an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date in relation to this Prospectus:

- (a) The half yearly financial report for the Company for the half year ended 31 December 2016; and
- (b) any other financial statements lodged in relation to Dark Horse with ASIC and any continuous disclosure notices given by Dark Horse to ASX, in the period starting immediately after lodgement of the half yearly financial report for the Company for the half year ended 31 December 2016, and ending on the date of lodgement of this Prospectus with ASIC.

8.2 ASX announcements

The Company has made several ASX announcements after the date of the lodgement of the half yearly financial report for the Company for the half year ended 31 December 2016, and before the lodgement of this Prospectus with ASIC. A summary of the announcements made is as follows:

Date	Subject of ASX Release
03.10.2016	Investment in Lakes Oil NL and Partial Sale of NavGas Pty Ltd to Lakes Oil NL
05.10.2016	Oronegro SA Agreement and High Grade Lithium Results
05.10.2016	Appendix 3B and Section 708A Notice (Oronegro Consideration Shares)
05.10.2016	Information Required Pursuant to ASX Listing Rule 3.10.5A
06.10.2016	Lakes Oil NL to Acquire 100% of NavGas Pty Ltd
12.10.2016	Annual Report to Shareholders
14.10.2016	Notice of Annual General Meeting
31.10.2016	Quarterly Activities Report
31.10.2016	Quarterly Cash Flow Report
10.11.2016	Director Loan Disclosure
17.11.2016	Results of Annual General Meeting
22.11.2016	Highly Prospective Argentinean Gold Project Secured Under Option
28.11.2016	Execution of NavGas Share Purchase Agreement with Lakes Oil NL
16.12.2016	Argentinean Project Portfolio Update
20.12.2016	Release of Shares from Voluntary Escrow
21.12.2016	Capital Raising Update
21.12.2016	Appendix 3B and Section 708 Notice
10.01.2017	Change in Substantial Holding from DGR Global
11.01.2017	Capital Raising Update
11.01.2017	Appendix 3B and Section 708 Notice
18.01.2017	Lakes Oil Completes Acquisition of NavGas

19.01.2017	Becoming a Substantial Shareholder of Lakes Oil NL
31.01.2017	Quarterly Activities Report
31.01.2017	Quarterly Cash Flow Report
06.02.2017	Pico Quemado Coal Project Update
09.03.2017	Argentinean Project Portfolio Update
15.03.2017	Dark Horse to Exit US Gold Projects
06.04.2017	High Grades of Lithium from Analytical Testing
07.04.2017	Dark Horse to Further Rationalise Project Portfolio

8.3 Share prices

The highest and lowest prices of Shares in the Company on the ASX during the six month period before the date of this Prospectus are set out below:

	Price	Date
Highest	1.3 cents	12 October 2016
Lowest	0.8 cents	11 January 2017

The last market sale price of Shares as at 7 April 2017 was \$0.008.

8.4 Rights and liabilities attaching to New Shares

There is only one class of Share on issue in the Company, being fully paid ordinary Shares. The New Shares will be part of this class of Shares.

The rights attaching to Shares (including the New Shares) are:

- (a) set out in the Constitution of the Company (a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours); and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules (formerly the SCH Business Rules) and the general law.

A summary of the rights which relate to all New Shares which may be issued pursuant to this Prospectus is set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of the Company's Shares.

Voting

At a general meeting of the Company on a show of hands, every member present in person or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

Dividends

The New Shares will rank equally with all Shares currently on issue in the capital of the Company, and will participate in dividends out of profits earned by the Company from time to time. Subject to the rights of holders of Shares of any special preferential or qualified rights attaching thereto, the profits of the Company are divisible amongst the holders of Shares in proportion to the Shares held by them and the amounts paid up on such shares respectively at the date of declaration of the dividend. The Directors may from time to time pay to Shareholders such interim dividends as in their judgement the position of the Company justifies.

Winding Up

Upon paying the application money, Shareholders will have no further liability to make payments to the company in the event of the company being wound up pursuant to the provisions of the Corporations Act.

Transfer of Securities

Generally, the Shares and Options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of Shares or Options but only where permitted to do so under its Constitution or the ASX Listing Rules.

Sale of Non-Marketable Holdings

The Company may take steps in respect of non-marketable holdings of Shares in the Company to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the ASX Listing Rules.

For more particular details of the rights attaching to Shares in the Company, investors should refer to the Constitution of the Company as posted on the Company's website www.darkhorseresources.com.au

8.5 Corporate governance

The Company reports on its compliance with the recommendations made by the Corporate Governance Principles and Recommendations in its annual report. Where the Company's corporate governance practices do not correlate with the practices recommended by the ASX Corporate Governance Council, the Company is working towards compliance, however it does not consider that all practices are appropriate for the Company due to the size and scale of the Company's operations.

8.6 Directors' Interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last two years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the company in connection with:
 - (1) its formation or promotion; or
 - (2) the Entitlement Offer; or
- (c) the Entitlement Offer

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director:

- (a) to induce them to become, or to qualify as, a Director of the Company; or
- (b) for services provided by a director in connection with:
 - (1) the formation or promotion of the Company; or
 - (2) the Entitlement Offer.

Set out below are details of the interests of the Directors in the securities of the Company immediately prior to lodgement of the Prospectus with ASIC. Interest includes those securities held directly and indirectly. The table does not take into account any New Shares the Directors may acquire under the Entitlement Offer.

Director	Number of Shares	Number of Options
Nick Mather	28,447,897	3,000,000
Brian Moller	23,661,529	3,000,000
Neil Stuart	74,864,778	3,000,000
David Mason	26,071,903	3,000,000

8.7 Directors' Fees

Set out below is the remuneration paid or accrued to the current Directors of the Company and their associated entities for the stated periods.

1 July 2014 - 30 June 2015

Director	Salary/Fees	Options	Superannuation	Total
Nick Mather	\$40,000	-	-	\$40,000
Brian Moller	\$40,000	-	-	\$40,000
Neil Stuart	\$54,835	-	-	\$54,835
David Mason	\$57,075	-	-	\$57,075

1 July 2015 - 30 June 2016

Director	Salary/fees	Options	Superannuation	Total
Nick Mather	\$40,000	\$1,500	-	\$41,500
Brian Moller	\$40,000	\$1,500	-	\$41,500
Neil Stuart	\$96,800	\$1,500	-	\$98,300
David Mason	\$118,167	\$1,500	-	\$119,667

1 July 2016 - 7 April 2017

Director	Salary/Fees	Options	Superannuation	Total
Nick Mather	\$30,000	-	-	\$30,000
Brian Moller	\$30,000	-	-	\$30,000
Neil Stuart	\$30,000	-	-	\$30,000
David Mason	\$112,500	-	-	\$112,500

8.8 Substantial Holders

The following are the current details of those Shareholders who held more than 5% of the Shares on issue prior to the date of this Prospectus:

Substantial holder	Number of Shares	Notified %	Number of Options
DGR Global Limited	113,543,456	13.04%	Nil
Neil Stuart	74,864,778	8.6%	3,000,000

Please refer to Section 6 for further details of the effect of the Offer on the control of the Company. As at the date of this Prospectus, there are no other Shareholders who hold more than 5% of the Shares on issue.

8.9 Related Party Transactions

Chapter 2E of the Corporations Act governs related party transactions with respect to public companies. Related parties include directors and entities controlled by Directors. Related party transactions require shareholder approval unless they fall within one of the exceptions in Chapter 2E of the Corporations Act. From time to time the Company may be party to transactions with related parties including:

- (a) employment and service arrangements; and
- (b) payment of Directors' fees.

The Company believes that it has made appropriate disclosure of past related party transactions and other than any further disclosure specifically set out below or made elsewhere in this Prospectus does not intend to make any further disclosure of such transactions which transactions will have either proceeded on an "arm's length" basis, reasonable remuneration basis or been approved by Shareholders in general meeting.

The Company discloses the following transactions with related parties which have either proceeded on an "arm's length" or reasonable remuneration basis. The transactions are:

- (a) proposed capital issues to Directors or interests associated with Directors;
- (b) employment agreements with related parties; and
- (c) payment of Directors' fees to Non-executive Directors.

8.10 Underwriting Agreement

The Company has entered into an Underwriting Agreement with DGR Global Limited.

Pursuant to the Underwriting Agreement, as consideration for underwriting the Entitlement Offer, the Company has agreed to pay to the Underwriter (or its nominee) an underwriting fee (**Underwriting Fee**) of 6% of the Underwritten Amount but excluding any part of the Underwritten Amount which is discharged by Debt Conversions by Eligible Shareholders. A termination fee equal to 50% of the Underwriting Fee is payable (in cash) where the Underwriter terminates the Underwriting Agreement due to a material breach by the Company or if the Company withdraws the Entitlement Offer.

Pursuant to the terms of the Underwriting Agreement it will be an Event of Termination if:

- (a) any of the following occur:
 - (1) **ASX 300 Index fall**: if the ASX 300 Index is, at any time for two consecutive Business Days after the date of this agreement, 10% or more below its opening level as published in the Australian Financial Review on the last Business Day immediately before the date of this agreement;
 - (2) **ASX**: the ASX: announces that any shares that have been issued by the Company which at the date of this agreement are official quoted on the Stock Exchange:
 - (A) are suspended from quotation whether temporarily or otherwise; or
 - (B) are the subject of a Stock Exchange statement to the effect that the shares or options will be suspended or cease to be quoted;
 - (3) **adverse change**: any material adverse change occurs in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of the Company from those respectively disclosed in the Accounts, the Prospectus or the Public Information, including:
 - (A) any material adverse change in the reported earnings or future prospects of the Company; or
 - (B) any material adverse change in the nature of the business conducted by the Company; or
 - (C) the insolvency or voluntary winding up of the Company or the appointment of any receiver, receiver and manager, liquidator or other external administrator; or
 - (D) any material adverse change to the rights and benefits attaching to the Shares; or
 - (E) any change that may have a Material Adverse Effect.
 - (4) withdrawal: the Company withdraws the Prospectus or terminates the Offer;
 - (5) **no certificate**: the Company does not provide a Certificate in the manner required by the Underwriting Agreement;
 - (6) **capital structure**: other than as contemplated by the Offer Documents or previously announced to ASX, the Company or any Related Body Corporate of the Company takes any steps to alter its capital structure without the prior written consent of the Underwriter;
 - (7) **judgment**: a judgment in an amount exceeding \$100,000 is obtained against the Company or a Related Body Corporate of the Company and is not set aside or satisfied within 7 days;
 - (8) **process**: any distress, attachment, execution or other process of a Governmental Agency in an amount exceeding \$100,000 is issued against, levied or enforced upon any of the assets of the Company or a Related Body Corporate of the Company and is not set aside or satisfied within 21 days;

- (9) **suspends payment**: the Company or a Related Body Corporate of the Company suspends payment of its debts generally;
- (10) **insolvency**: the Company or a Related Body Corporate of the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act) or is presumed to be insolvent under the Corporations Act;
- (11) **arrangements**: the Company or a Related Body Corporate of the Company enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;
- (12) **ceasing business**: other than as contemplated by the Prospectus, the Company or a Related Body Corporate of the Company ceases or threatens to cease to carry on business;
- (b) any of the following may occur:
 - (13) **material contracts**: termination (other than those that terminate due to the effluxion of time) or a material amendment of any material contract of the Company in both cases which have a material adverse effect on the Company;
 - (14) **hostilities**: hostilities political or civil unrest not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has been declared or not) involving any one or more of Australia, Japan, the United States of America, the United Kingdom, the Peoples' Republic of China, the Middle East region or the Philippines;
 - (15) **legal offence by Directors**: a director of the Company or any Related Corporation of the Company is charged with an indictable offence relating to a financial or corporate matter.
 - (16) **change to constitution**: the constitution of the Company or a Related Coporation of the Company is amended without the prior written consent of the Underwriter;
 - (17) **compliance with regulatory requirements**: a contravention by the Company of the Corporations Act, the Listing Rules, its constitution or any other applicable law or regulation, except where such contravention arises because of the actions of the Underwriter;
 - (18) **Retail Entitlement Offer to comply**: the Retail Entitlement Offer or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
 - (19) **breach**: the Company breaches any of their obligations under this Agreement;
 - (20) **representations and warranties**: any representation or warranty contained in this Agreement on the part of the Company is breached or becomes false, misleading or incorrect to an extent;
 - (21) **change in laws**: any of the following occurs which does or is likely to prohibit, materially restrict or regulate the Entitlement Offer or materially reduce the likely level of Valid Applications or materially affects the financial position of the Company or has a Material Adverse Effect of the success of the Entitlement Offer:
 - (A) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
 - (B) the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory or the Reserve Bank of Australia; or
 - (C) the adoption by ASX or their respective delegates of any regulations or policy;
 - (22) **failure to comply**: the Company or any Related Body Corporate of the Company fails to comply with any of the following:
 - (A) a provision of its constitution;
 - (B) any statute;

- (C) the Listing Rules;
- (D) a requirement, order or request made by or on behalf of the ASIC, the ASX or any Governmental Agency; or
- (E) any agreement entered into by it.

If an Event of Termination occurs an Underwriter may terminate the Underwriting Agreement at any time prior to Completion by giving notice in writing to the Company which sets out:

- (a) the Event of Termination; and
- (b) that the Agreement is terminated.

8.11 Interests of Experts and Advisers

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers (but not sub-underwriters) to the Offer (collectively **Prescribed Persons**).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last two years, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Entitlement Offer; or
- (c) the Offer of New Shares under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (c) offer of New Shares under this Prospectus.

HopgoodGanim Lawyers are acting as solicitors to the Entitlement Offer and have performed work in relation to the Prospectus. In doing so, HopgoodGanim Lawyers have placed reasonable reliance upon information provided to them by the Company. HopgoodGanim Lawyers does not make any statement in this Prospectus. In respect of this work, the Company estimates that it will pay approximately \$20,000 (excluding disbursements and GST) to HopgoodGanim Lawyers. Further amounts may be paid to HopgoodGanim Lawyers in accordance with its normal time based charges.

Computershare Investor Services Pty Limited is acting as Share Registry to the Offer but has performed no work in relation to the Prospectus.

8.12 Subsequent Events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company,
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

8.13 Taxation

It is the responsibility of all applicants to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the New Shares. Taxation consequences will depend on particular circumstances.

Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the New Shares in the Company or dealing with an Entitlement under the Offer.

8.14 Litigation

The Company is not engaged in any litigation which has or would be likely to have a material adverse effect on either the Company or its business.

8.15 Privacy

By submitting an Entitlement and Acceptance Form for New Shares you are providing to the Company personal information about yourself. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Computershare Investor Services Pty Limited, an external service provider. The Company requires Computershare Investor Services Pty Limited to comply with the Australian Privacy Principles with performing these services. The Company's register is required under the Corporations Act to contain certain personal information about you such as your name and address and number of shares and options held. In addition the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- (a) when you agree to the disclosure;
- (b) when used for the purposes for which it was collected;
- (c) when disclosure is required or authorised by law;
- (d) to other members in the Dark Horse Resources group of companies;
- (e) to your broker; or
- (f) to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Computershare Investor Services Pty Limited, except in limited circumstances. If you wish to access, update or correct your personal information held by Computershare Investor Services Pty Limited or by the Company please contact our respective offices.

If you have any questions concerning how the Company handles your personal information, please contact the Company.

8.16 Expenses of the Entitlement Offer

All expenses connected with the Entitlement Offer are being borne by the Company. Total expenses of the Entitlement Offer are estimated to be in the order of \$120,000.

8.17 Consents and Disclaimers

Computershare Investor Services Pty Limited has given and has not withdrawn its consent to be named in this Prospectus as the Share Registry of the Company in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than the references to its name.

DGR Global Limited has given and has not withdrawn its consent to be named in this Prospectus as the Underwriter to the Entitlement Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

HopgoodGanim Lawyers has given and has not withdrawn its consent to be named in this Prospectus as solicitors to the Entitlement Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

8.18 Directors' Statement

This Prospectus is issued by Dark Horse Resources Limited. Each Director has consented to the lodgement of the Prospectus with ASIC.

Signed on the date of this Prospectus on behalf of Dark Horse Resources Limited by

David Mason

Executive Director

9. Definitions and Glossary

Terms and abbreviations used in this Prospectus have the following meanings:

Additional New Shares	Those New Shares which Eligible Shareholders may apply for under this Prospectus in excess of their Entitlement, in the event that there is a Shortfall
AEST	Australian Eastern Standard Time
Application Monies	The Offer Price multiplied by the number of New Shares applied for
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange (as applicable)
ASX Settlement Operating Rules	The official settlement operating rules of the ASX
Board	The Board of Directors of the Company
Business Day	A day, other than a Saturday or Sunday, on which banks are open for general banking business in Brisbane
Closing Date	The date by which valid acceptances must be received by the Share Registry being 5:00pm (Brisbane time) on 3 May 2017 or such other date determined by the Board
Company or Dark Horse	Dark Horse Resources Limited ACN 068 958 752
Constitution	The Constitution of the Company
Corporate Governance Principles	Corporate Governance Principles and Recommendations 3rd Edition released by the ASX Corporate Governance Council in March 2014
and Recommendations	
Corporations Act	Corporations Act 2001 (Cth)
DGR Global	DGR Global Ltd
Directors	The Directors of the Company from time to time
Eligible Shareholder	A Shareholder of the Company who holds Shares in the Company on the Record Date and has been determined by the Company to be eligible to participate in the Offer
Entitlement and Acceptance Form or Form	An entitlement and acceptance form in the form accompanying this Prospectus
Entitlement	The entitlement to subscribe for New Shares under this Prospectus
Underwriter	DGR Global Limited
Listing Rules	The official listing rules of the ASX
New Shares	The Shares offered under this Prospectus
Offer or Retail Entitlement Offer	The offer and issue of New Shares and New Options in accordance with this Prospectus
Offer Price	\$0.008 for each New Share applied for
Official List	The official list of entities that ASX has admitted and not removed
Official Quotation	Quotation on the Official List
Opening Date	9:00am (Brisbane time on Tuesday 18 April 2017
Options	Unexpired and unexercised Options to acquire Shares on issue from the Company from time to time
Optionholders	The holders of Options from time to time
Performance Right	The Performance Rights created and issued by the Company under this Prospectus, the terms of which are set forth in Annexure A.

Prospectus	This Prospectus as modified or varied by any supplementary prospectus made by the Company and lodged with ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus
Record Date	7:00pm (Brisbane time) on Wednesday 12 April 2017
SCH	Means a securities clearing house approved by ASIC
SCH Business Rules	The business rules of the SCH
Share Registry	Computershare Investor Services Pty Limited ACN 76007153184
Shares	The ordinary shares on issue in the Company from time to time
Shareholders	The holders of Shares from time to time
Shortfall	Those New Shares for which the Entitlement lapses
Underwriting Agreement	The underwriting agreement between the Company and the Underwriter, summarised in Section 8.10

Corporate Directory

Directors and Company Secretary	Solicitors to the Offer
Mr Nicholas Mather (Chairman)	HopgoodGanim Lawyers
Mr Neil Stuart (Executive Director)	Level 8, Waterfront Place
Mr Brian Moller (Non-Executive Director)	1 Eagle Street
Mr David Mason (Executive Director)	Brisbane QLD 4000
Kad Cablahahar (Cananana Cananana)	T-1, .C4 7 2024 0000
Karl Schlobohm (Company Secretary)	Tel: +61 7 3024 0000 Fax: +61 7 3024 0300
	rax. +01 / 5024 0500
	www.hopgoodganim.com.au
Administration and Registered Office	Share Registry
Dark Horse Resources Limited	Computershare Investor Services Pty Limited
Level 27, 111 Eagle Street	117 Victoria Street
Brisbane QLD 4000	West End QLD 4101
Postal Address	Phone: 1300 552 270 (inside Australia)
GPO Box 5261	or
Brisbane QLD 4001	Phone: +61 3 9415 4000 (outside Australia)
Ph. 07 2202 0020	
Ph: 07-3303 0620 Fax: 07-3303 0681	www.investorcentre.com/contact
rdx. 07-3303 0061	
ASX Code: DHR	
www.darkhorseresources.com.au	
Auditor	Underwriter
BDO Audit (Qld) Pty Ltd	
Level 10	DGR Global Limited
12 Creek Street,	
Brisbane QLD 4000	Level 27, 111 Eagle Street Brisbane Qld 4000
	brisbane Qiu 4000
Ph: 07-3237 5999	
Fax: 07-3221 9227	
www.bdo.com.au	
www.bdo.com.au	

ANNEXURE A: TERMS OF ISSUE OF PERFORMANCE RIGHTS

The following are the terms of issue of the Performance Rights.

1. Definitions

ASX means ASX Limited or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

Business Day means a day on which Banks are open for business in Brisbane other than a Saturday, a Sunday or a public holiday.

Company means Dark Horse Resources Limited (ACN 068 958 752).

Company Group means the Company and its subsidiaries.

Conversion means the conversion of Performance Rights into Shares at the Conversion Rate.

Conversion Date means ten Business Days after the Company receives the Election Notice.

Conversion Rate means the rate of Conversion of each Performance Right into Shares on a 1 for 1 basis.

Conversion Trigger means the earliest of:

- (a) the date upon which the volume weighted average price of Shares on ASX over the 60 day period prior to that date exceeds 5.0 cents per Share;
- (b) if a takeover bid is made for the Shares at a price or value which exceeds 5.0 cents per Share and the bidder becomes entitled to compulsorily acquire all of the Shares, the date the bidder becomes entitled to compulsorily acquire all of the Shares; and
- (c) if a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company at a price or value which exceeds 5.0 cents per Share the effect of which is that the bidder will have a relevant interest in at least 90% of the Shares and shareholders approve the scheme resolution by the requisite majorities, the date that shareholders approve the resolution.

Corporations Act means the Corporations Act 2001 (Cth).

Expiry Date means the earliest of:

- (a) any date which arises under Condition 3.11;
- (b) if a takeover bid is made for the Shares at a price or value at a price or value which exceeds 5.0 cents per Share and the bidder becomes entitled to compulsorily acquire all of the Shares, the date the bidder becomes entitled to compulsorily acquire all of the Shares;
- (c) if a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company at a price or value which at a price or value which exceeds 5.0 cents per Share the effect of which is that the bidder will have a relevant interest in at least 90% of the Shares and shareholders approve the scheme resolution by the requisite majorities, the date that shareholders approve the resolution; and
- (d) 1 July 2020.

Holder means a registered holder of a Performance Right.

Listing Rules means the ASX Listing Rules.

Performance Right means, at any time, so many of these Performance Rights created and issued by the Company under these Conditions of Issue as are outstanding.

Performance Right Holder or **holder of Performance Rights** means, in relation to any of the Performance Rights at any time, the person registered in the Register as the holder of those Performance Rights.

Shares means fully paid ordinary Shares in the capital of the Company.

2. General Terms of Issue

Terms of Issue

- 2.1 Each Performance Right shall:
 - (a) potentially convert in the manner and at the times provided by Condition 3 into Shares; and
 - (b) lapse on the Expiry Date if it has not been subject to Conversion by then.

Status

- 2.2 The Performance Rights:
 - (a) do not (unless and until Conversion) confer on Performance Right Holders any right as a member or shareholder of the Company, including voting rights; and
 - (b) confer on Performance Right Holders a right to be given copies of documents sent by the Company to shareholders (whether in connection with a general meeting of Shareholders or otherwise).
- 2.3 Each Performance Right Holder by accepting an issue of Performance Rights:
 - (a) agrees to be bound by these Conditions;
 - (b) acknowledges that it has contractual rights as set out in these conditions but that the Performance Rights do not (unless and until Conversion) confer any right as a member or shareholder of the Company; and
 - (c) acknowledges the possibility that the Performance Rights may lapse and will not be subject to Conversion.

3. Conversion

Conversion to Shares

- 3.1 The Company shall forthwith upon the happening of the Conversion Trigger give notice in writing to each Holder (Conversion Election Notice).
- 3.2 Upon receipt of a Conversion Election Notice each Holder shall have a right to elect to convert each Performance Right to Shares at the Conversion Rate provided that the Expiry Date has not occurred by giving notice if writing to the Company at any time prior to the Expiry Date (Election Notice).
- 3.3 Upon receipt of an Election Notice the Company shall issue the Shares arising from Conversion as soon as reasonably practicable and in any event no later than ten business days after receipt of the Election Notice.
- 3.4 If the Expiry Date occurs and Conversion has not occurred prior to the Expiry Date each Performance Right will automatically expire and any entitlement to Conversion shall thereupon cease.

Right to participate in new issues of ordinary Shares

3.5 Performance Right Holders are not entitled to participate in future issues of Shares prior to Conversion of the Performance Rights including bonus issues or entitlement issues.

Adjustment of Conversion Rate

3.6 If the Company reorganises its capital, the Conversion Rate will be adjusted in accordance with the Listing Rules applicable at the time of the reorganisation, and so that Performance Right Holders will not receive a benefit that holders of Shares do not receive. Unless the Listing Rules require otherwise, the Conversion Rate must be adjusted as follows:

Reduction in capital:

(a) If the issued capital of the Company is reduced, the entitlement of a Performance Right Holder to conversion of Performance Rights into Shares at the Conversion Rate will be reduced in the same proportion and manner as the issued capital is so reduced (subject to any provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of the members of the Company approving the reduction of capital) but in all other respects the Conversion Rights will remain unchanged;

Consolidation of capital:

(b) If the issued capital of the Company is consolidated, the entitlement of a Performance Right Holder to conversion of Performance Rights into Shares at the Conversion Rate will be reduced in the same proportion and manner as the issued capital is so consolidated (subject to any provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of the members of the Company approving the consolidation of capital) but in all other respects the Conversion Rights will remain unchanged; and

Subdivision of Capital:

(c) If the issued capital of the Company is subdivided, the entitlement of a Performance Right Holder to conversion of Performance Rights into Shares at the Conversion Rate will be increased in the same proportion and manner as the issued capital is so subdivided (subject to any provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of the members of the Company approving the subdivision of capital) but in all other respects the Conversion Rights will remain unchanged.

Conversion to Shares

- 3.7 Subject to these conditions of issue, the Company covenants with each Performance Right Holder that it will issue Shares for the Performance Rights at the Conversion Rate on the Conversion Date
- 3.8 Any Shares issued upon conversion of Performance Rights will rank in all respects equally with the then existing Shares of the Company and will rank for dividends declared by the Company on its Shares after the Conversion Date of the Performance Rights. Prior to conversion, the Performance Rights do not confer any entitlement to a dividend.
- 3.9 After the issue of such Shares, if the Company is listed on the ASX, the Company will apply for quotation of such Shares on the ASX to allow them to be traded.

Costs of Conversion and listing

3.10 Except as otherwise stated in these Conditions, the Company will pay the expenses (but excluding any taxes or stamp duties for which the holders of Shares would ordinarily be liable) of the issue of, and all expenses of obtaining a listing for, Shares issued on Conversion.

Conversion Right warranties

3.11 The Company must, whilst the Performance Rights have neither expired nor converted into Shares:

(a) **Listing:** subject to Condition 3.3, use its best endeavours to promptly give to the Performance Right Holders notice of any delisting of the Shares (as a class) by the ASX, or any other stock exchange on which they are listed from time to time;

Conversion to ordinary Shares: ensure that all Shares issued upon Conversion will be duly and validly issued, fully paid and registered in the name of the Performance Right Holder; and

Consents: use its best endeavours to obtain, as and when required, and having once obtained, maintain, all necessary governmental and regulatory consents to enable the Company to allot and issue the Shares to be issued upon conversion of the Performance Rights.

Bound by Constitution

3.12 Each Performance Right Holder acknowledges that on the issue of Shares on the Conversion Date, the Performance Right Holder will be bound by the Constitution of the Company in so far as it relates to Shares.

External Administration

3.13 If the Company becomes an externally-administered body corporate (within the meaning of the Corporations Act) and notwithstanding any other provision of these Conditions, the Performance Rights will expire (and any entitlement to Conversion shall thereupon cease without conferring any right to participate in the surplus profit or assets of the Company).

4. Title to Performance Rights

Except as ordered by a court of competent jurisdiction or as required by law, the Company:

- (a) may treat the registered holder of any Performance Right as the absolute owner (notwithstanding any notice of ownership or writing on the Performance Right or any notice of pervious loss or theft or of any trust or any other interest);
- (b) is not required to obtain any proof of ownership and is not required to verify the identity of the registered holder; and
- (c) is not required to recognise or give effect to any legal or equitable interest in any Performance Right not entered on the Register notwithstanding that the Issuer may have actual or constructive notice thereof.

5. Non transferability

- 5.1 The Performance Rights will not be listed and are not transferable.
- 5.2 Any person becoming entitled to Performance Rights in consequence of the death or bankruptcy of any holder of such Performance Rights, may, upon producing evidence or of the Performance Right Holder's title as the Directors shall think sufficient, be registered as the holder of such Performance Rights.

Non-Redeemable

6.1 The Performance Rights are not redeemable in any circumstance by the Company.

7. Notices

- 7.1 A notice given to a Performance Right Holder pursuant to a provision of these Conditions shall be in writing or electronic form and may be given to a Performance Right Holder by being delivered to him by e-mail, facsimile, or posted in a pre-paid envelope and addressed to the address appearing in the register or to such other address as he has notified the Company in writing.
- 7.2 A notice given to any one of joint Performance Right Holders is sufficient notice to all of those joint Performance Right Holders.

8. Conditions Binding on Parties and Successors

These Conditions shall be binding on the Company and the Performance Right Holders and all persons claiming through or under them respectively. These Conditions shall be governed by and construed in accordance with the laws of Victoria.

9 Amendment

- 9.1 These Conditions may only be amended if the board of the Company determines that such amendment is necessary to:
 - (a) enable the Company to comply with the Listing Rules, Corporations Act or other Australian law; or
 - (b) to correct any manifest error or mistake,

and the board of the Company provides notice to each Performance Right Holder accordingly.

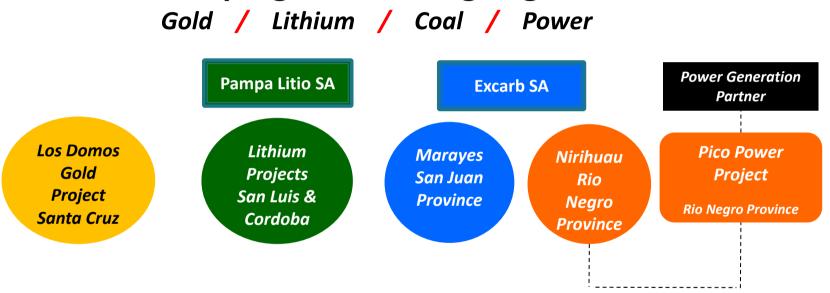
10. Attorney

10.1 Each Performance Right Holder in consideration of the grant of the Performance Right shall be deemed to have irrevocably appointed the Company and each of its directors severally as its attorney to complete and executed any documents which give effect to these conditions and to do all acts or things on behalf of or in the name of the Performance Right Holder which may be convenient or necessary for the purposes of giving effect to the provisions of these conditions, and each Performance Right Holder shall be deemed to covenant to ratify and confirm any act or thing done pursuant to this power and shall release the Company and each of its directors from any liability whatsoever arising from the exercise of the power conferred by this condition and shall indemnify and hold harmless the Company and each of its directors in respect thereof.





Developing & Powering Argentina



Dark Horse also currently holds a 42% interest in ASX-listed Lakes Oil NL, new owner of the NavGas projects in Queensland and South Australia.



Argentine Projects

- ➤ **PQ Coal**, Rio Negro potential thermal and metallurgical coal deposits.
- ➤ **Pico Power Station**, Rio Negro proposed 600-1200MW PQ coal fired, mine mouth, ultra-supercritical power station.
- Pampa Litio (Oronegro) Lithium, San Luis
 & Cordoba portfolio of lithium rich pegmatite leases.
- ➤ Los Domos Gold, Santa Cruz rhyolitic dome hosted epithermal gold.
- Marayes Coal, San Juan potential thermal coal deposit.
- New resource projects DHR is continuously investigating mineral and energy projects throughout South America.



Pico Quemado Coal Project

- Located in the western part of Rio Negro, northern Patagonia, 70 kms southeast of Bariloche.
- Dark Horse has an option to earn 75% of a portfolio of contiguous exploration leases from Trendix SA over the Tertiary synclinal Nirihuau Basin.
- Drilling by YCF in 1940's and 1950's delineated the far southern Pico Quemado coal deposit, and substantial underground mining was carried out at this time for thermal use. 4 main seams with up to 12m aggregate coal thickness dipping 20-30 degrees. Coal quality – CV 6000–7000 Kcals/kg, Ash 10 - 25%, Sulphur 0.2 - 0.6%.
- Coal extends north into the Chenqueniyeu and Las Bayas areas over a 20km strike length.
- Dark Horse intends to investigate the potential for sufficient resources of coal to support a 1000MW mine mouth power station. Exploration is underway and drilling is planned for Q2, 2017. Refer ASX release of 6 February 2017.



Pico Quemado Coal Project

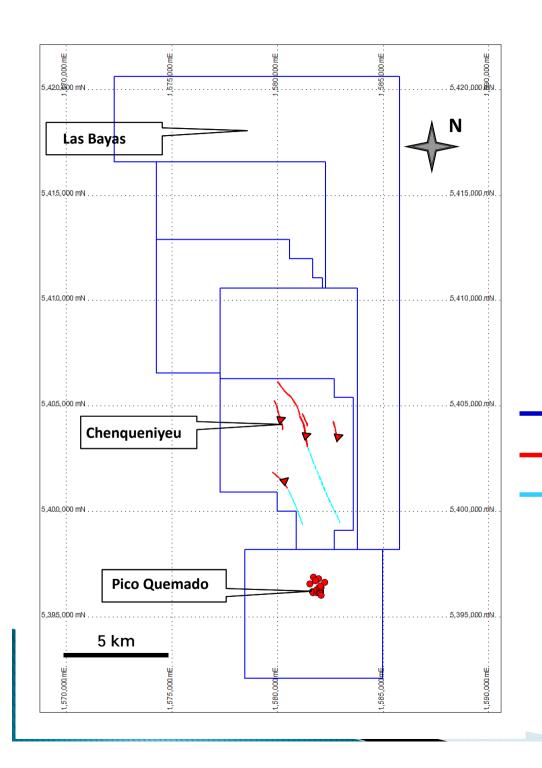








RESOURCES



PQ Tenure

Pico Quemado – Drillhole collar position

Trendix – Dark Horse leases

Chenque coal seams mapped

Chenque coal seams potential extension



PQ 2017 Exploration Program

The 2017 program includes work in each of the Pico Quemado, Chenqueniyen and Las Bayas deposits:

- Detailed geological mapping throughout the Chenqueniyen deposit, where Seam Sequence IV has been recently mapped up to 8kms in length, to follow extensions of the known seam sequences, and search for new seams. Exploration drilling to define the stratigraphy, thickness, geometry and quality of each seam sequence (I through IV), followed by some resource definition drilling to upgrade the deposit towards JORC standards.
- Resource definition drilling in the Pico Quemado deposit to further define and confirm the stratigraphy, geometry, coal seam sequence, quality and quantity. It is anticipated this work could facilitate the preparation of a JORC Resources Report.
- Geological mapping in the Las Bayas area to search for coal seams, as minimal success has been made to date, and depending on the results of this preliminary work, further exploration may be designed and implemented.
- 4. Refer ASX release of 6 February 2017 for full details.



Pico Power Station Project - Aims

- The flagship Pico Power Project, a 600-1200MW mine mouth, clean coalfired power plant adjacent to the Pico Quemado coal deposit in the Rio Negro Province.
- Utilisation of the latest ultra-supercritical pulverised coal technology.
- Supply competitively priced, base load electricity into the wholesale market under a 20 year Power Purchase Agreement with the Argentine Government.
- >US\$2B investment in consortium with large, international power developers.
- Deliver significant strategic benefits for Argentina.
- Refer ASX release of 9 March 2017 for further details.



Debt Funds US\$ 1,600M

Operational Surplus 50% DHR 50% Partner US\$ 400M

PPA with **Argentine Power** Authority

Power Station Developer

Joint Venture



50%

50%

Up to 75%





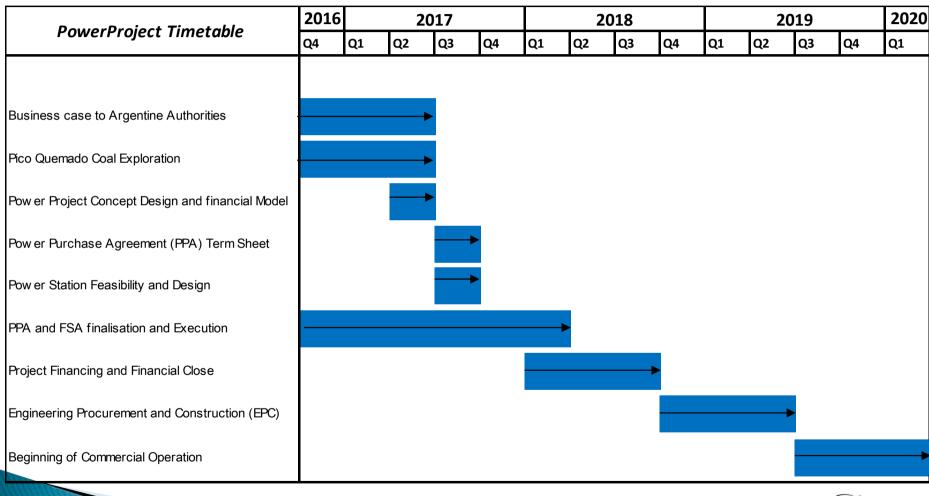


Fuel Purchase Agreement





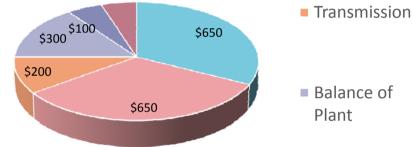
Indicative Timetable for Pico Power Project



Cost of Construction \$ Million

Boilers

Turbines



\$100

- EPCm construction and fees
- Coal Mine and Transport facilities
- Approximate Cost of constructing the (1,000MW) Pico Power Project

Debt and Equity Funded \$ Million





- Equity: Discounted forward power sales agreements and other stakeholder arrangements
- Proposed Funding for the (1,000MW) Pico Power Project



Marayes Coal Project

- Located in the eastern part of San Juan province, a significant mining district in Argentina.
- 4 holes were drilled during the 1920's with depths of 255m, 320m, 127m, 114m and substantial underground mining carried out in the 1940's and 1950's supplying the steam raising industry.
- ▶ Dark Horse has an option over a lease which hosts the known historic mining area (Herrera lease). Six main banded seams, each up to 2 meters thick, dipping 5º to 15º to the west.
- Exploration drilling planned to provide coal for analysis.
- ▶ The Triassic hosted coal measure sequence extends for some 40kms along strike.
- Dark Horse intends to develop a commercially viable mine and supply the product fuel to domestic industrial uses, replacing more expensive and sparse existing fuels, and/or small scale electricity generation.



Pampa Litio Lithium Project

- MoU for an Option to acquire 100% ownership of Pampa Litio SA (previously Oronegro SA), which holds licenses to explore and develop Lithium and other minerals covering prospective districts in the San Luis and Córdoba provinces.
- Pampa Litio has entered into an Agreement to acquire 100% of Las Cuevas Mine in San Luis, and Las Tapias Mine in Cordoba.
- Pampa Litio holds 36,700 ha of exploration license applications over prospective lithium bearing pegmatite fields in San Luis and Córdoba, and has been retained by DHR to source and secure other opportunities.
- The pegmatite fields of San Luis and Córdoba have an important past record of producing mica, beryl, spodumene, tantalite, columbite and recently K-feldspar, albite and quartz.
- The properties have good access and infrastructure support for exploration activities on a year round basis.
- Refer ASX releases of 26 July 2016 and 15 August 2016 for further details.



Pampa Litio Lithium Project



El Totoral and Los Chañares Prospects

- > 31 rock chip samples were collected from **El Totoral**, and due to the very large size of the spodumene crystals, obtaining a representative sampling of the bulk lithium content of the pegmatite proved difficult.
- A continuous channel sample (PL023, 24, 25) across a well exposed mineralized structure returned 3.4m @ 0.88% Li2O, 45 g/t Ta2O5 (includes 0.88 m@ 3.28% Li2O, 87g/t Ta2O5).

Best assays results from **Los Chañares** were:

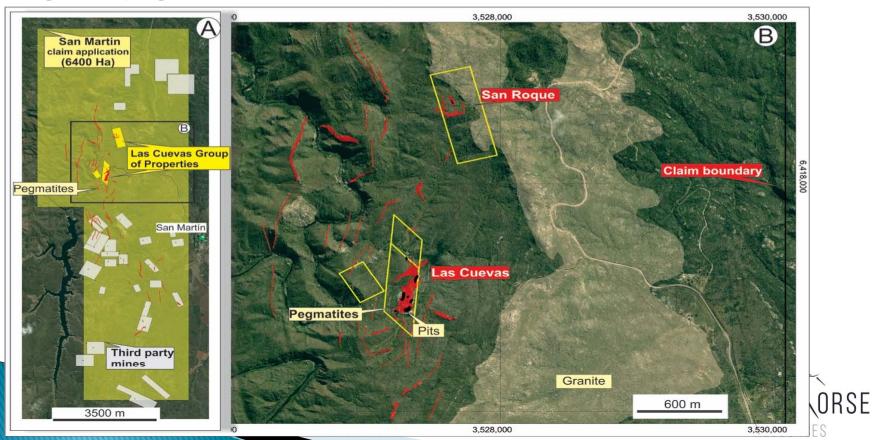
- La Totora 0.54% Li2O, 30 g/t Ta2O5
- Don Pancho 2.8% Li2O, 94g/t Ta2O5
- Agua Dorada 4.0% Li2O, 36g/t Ta2O5
- La Bomba 0.3% Li2O, 36g/tTa2O5
- León Herido 3.99% Li2O, 152g/t Ta2O5
- ▶ Cabeza de Novillo 1.2% Li2O, 25g/t Ta2O5

Refer ASX release of 5 October 2016 for further details.

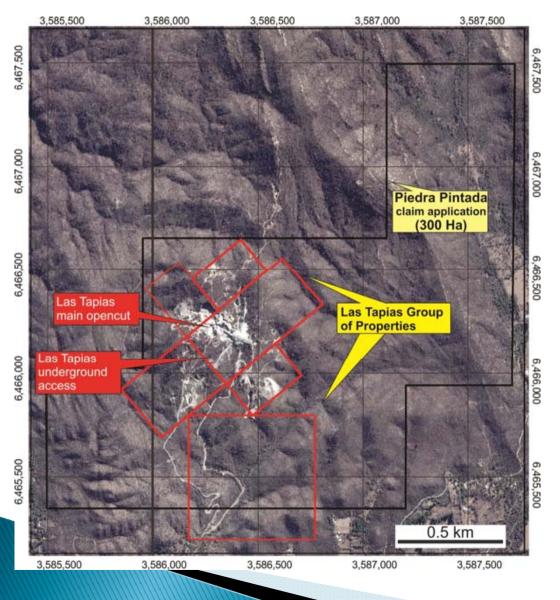


Las Cuevas Mine

- Pampa Litio SA entered an Exclusivity Agreement to acquire 100% of the Las Cuevas Mine in San Luis province, which is considered one of the most important spodumene mines in Argentina.
- Las Cuevas is one of the largest historical beryllium, lithium and tantalum mines of Argentina (Angelelli and Rinaldi, 1966).



Las Tapias Mine



- Las Tapias has been a significant producer of beryl during several periods from 1938 to 1965, a mineral associated with lithium.
- The mine contains zones of up to 80% spodumene with some crystals up to 3 metres long.
- The spodumene contains an average grade of 5.5% Li2O.
- Since 1978, the mine has been in sporadic production of quartz, feldspar and mica. Dark Horse intends to investigate the existing mine dumps and tailings for significant spodumene contents.

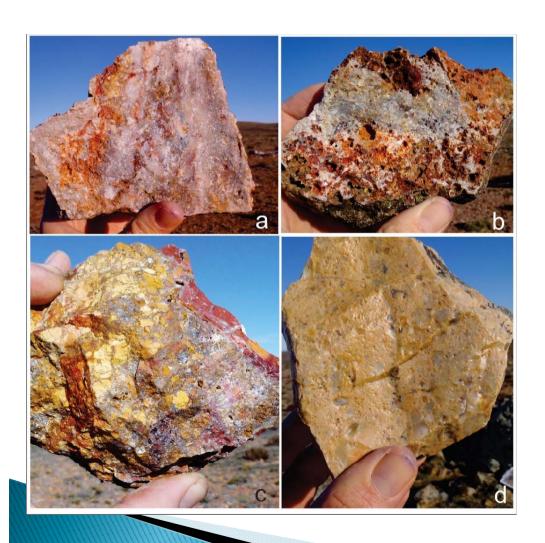


Los Domos Gold Project

- Exclusivity Agreement concluded with Tres Cerro Exploraciones SRL for the Option to Acquire 85% of the Los Domos Project. Definitive Agreement being finalised.
- Two large exploration licences Los Domos and Los Domos Norte in Santa Cruz province, where significant gold deposits and mines reside including Cerro Vanguadia owned by AngloGold Ashanti and Cerro Negro owned by Goldcorp.
- Highly elevated gold values from extensive lag sampling and analyses have indicated anomalous gold zones within epithermal vein structures and breccias.
- A number of drill ready, target areas have been defined associated with two pervasively altered rhyolitic domes.
- Refer ASX release of 22 November 2016 for further details.



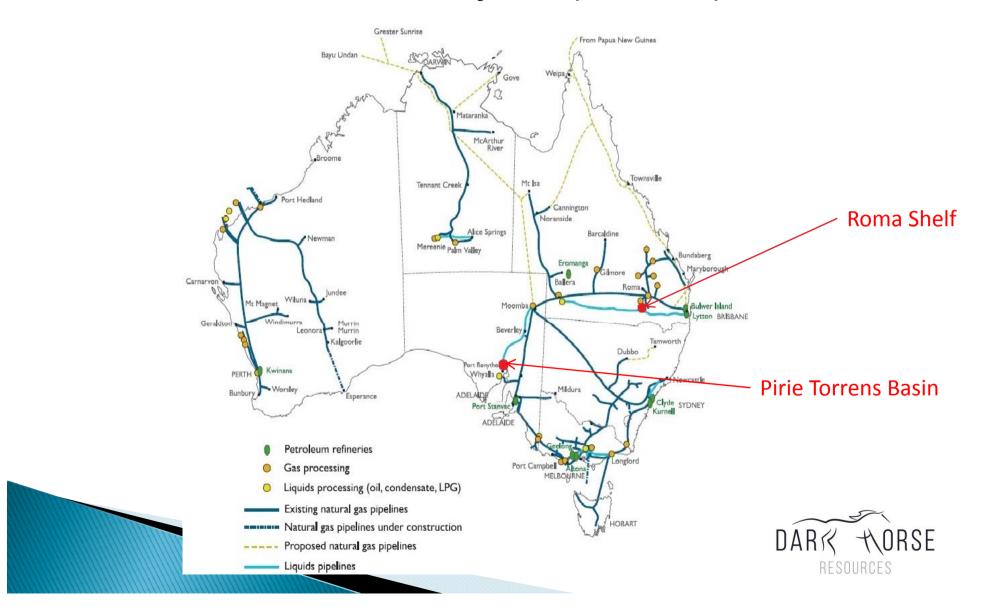
Los Domos Gold Project



Geologically, the project located within the Deseado Massif dominated by Middle to Upper Jurassic volcanics of the Chon Aike Formation. This unit consists of acid tuffs, ignimbrites, pyroclastics, rhyolitic domes and flows, and is the host formation for a number of multi-million ounce, epithermal style goldsilver deposits within Santa Cruz Province including Cerro Vanguadia and Cerro Negro.



Lakes Oil NL – (ASX:LKO, 42% owned by DHR) Australian Oil & Gas Projects (NavGas)



Details of the Entitlement Offer

- ▶ 1:2 Entitlement Offer priced at \$0.008 to Eligible Shareholders in Australia and New Zealand to issue up to 435,490,441 new shares and raise up to \$3.48m.
- ▶ 1:1 free attaching Performance Right to convert (at the holder's election but at no cost) to a further share if the Company's share price reaches 5 cents on a 60 Day VWAP by 1 July 2020.
- Entitlement Offer underwritten to \$3m by DGR Global Limited.
- ▶ Institutional Offer 10 April to 11 April 2017.
- ▶ Retail Offer 18 April to 3 May 2017.
- All shares issued under the Offer will rank equally with shares currently on issue.
- Full details in Prospectus published on 10 April 2017.



Entitlement Issue Timetable

Event	Date
Announcement of Entitlement Offer	10 April 2017
Letters to Shareholders	11 April 2017
Institutional Offer Conducted	10 – 11 April 2017
Retail Offer – Record Date	12 April 2017
Retail Offer - Despatch of Prospectus	13 – 17 April 2017
Retail Offer – Opening Date	18 April 2017
Quotation of Shares issued under Institutional Offer	18 April 2017
Retail Offer – Closing Date	3 May 2017
Retail Offer – Results Announced	8 May 2017
Quotation of Shares issued under Retail Offer	11 May 2017
Retail Offer – Statements mailed to shareholders	12 May 2017



DHR Experienced Team



Non- Executive Chairman - Nick Mather

Mr Mather's area of experience and expertise is the financing and development of unrecognised resource exploration opportunities. He has been an executive and investor in the junior resource sector at all levels for more than 30 years and in that time has been instrumental in the delivery of major resource projects resulting in nine (9) corporate transactions delivering over five (5) billion dollars to shareholders. Nick is Managing Director and CEO of DGR Global, a worldwide resources project generator and the major shareholder of several Petroleum, Copper, Iron, Zinc and Coal companies.



Executive Director - David Mason

Mr Mason has a broad business, corporate and mining background achieved through working in the exploration and mining industry for 35 years throughout Australasia, Asia and Africa. David is a Director of Intra Energy Corporation Limited (ASX:IEC), a coal producer in East Africa. Prior to this, David had roles as Managing Director of Overseas & General Limited (ASX:OGL) an Indonesian mining company, and Operations Director of Haddington Resources (now Altura Mining, ASX:AJM) a diversified resource company, which took over the resource investment and mining service companies of Minvest International, a group he co-founded and managed. David was formerly General Manager of the Swabara Group, which developed the Adaro Indonesia coal mine, the MHU coal mine, a suite of Indonesian exploration assets and mining service companies.



Non- Executive Director - Neil Stuart

Mr Neil Stuart is a highly experienced exploration geologist with over 40 years of experience in the minerals industry. Earlier in his career, he worked with Utah Development Company (for uranium base metals and coal) with activity in all states of Australia, Kenya, Morocco, South Africa, Madagascar and Indonesia, and then managed a highly successful coal exploration program for Marathon Petroleum Australia Ltd. Since 2000, he has been heavily involved in project delineation and acquisition in Australia and Argentina. As a founding Director of Oroplata Ltd, Mr Stuart was instrument in acquiring the highly prospective Cerro Negro Epithermal Gold Project from MIM Holdings Ltd and advancing the project until the company merged with Andean Resources Ltd, which was itself taken over by the large Canadian miner, Goldcorp in 2010 for \$3.7 billion. Mr Stuart was also a co-founder of ASX and TSX listed Orocobre Limited, which is now developing the Salar Olaroz lithium project in north-west Argentina.



Corporate Information

Website: <u>www.darkhorseresources.com.au</u>

Twitter: @ASX_DHR

LinkedIn: https://www.linkedin.com/company/dark-horse-resources

Phone: 07 – 3303 0650

- Company Contacts:
 - David Mason Executive Director <u>dmason@darkhorseresources.com.au</u>
 - Pru Maclean Business Development and Investor Relations pmaclean@darkhorseresources.com.au
 - Karl Schlobohm Company Secretary <u>kschlobohm@darkhorseresources.com.au</u>

Forward Looking Statements

Whilst based on information from sources considered reliable, DHR, its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information in this document is complete or accurate. To the maximum extent permitted by law, DHR, disclaims any responsibility to inform any recipient of this document and presentation of any matter that subsequently comes to its notice, which may affect any of the information contained in this document and presentation.

JORC and Competent Person Statement

The information herein that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Neil Stuart, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Neil Stuart is a Director of Dark Horse Resources Ltd. Mr Stuart has more than five years' experience which is relevant to the style of mineralisation and type of deposit being reported and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (the JORC Code). This public report is issued with the prior written consent of the Competent Person(s) as to the form and context in which it appears.

