



Quarterly Activities Report for the Period Ended 31 March 2017

Dark Horse Resources Ltd

ASX Code: DHR

Shares on Issue

1 billion

Market Capitalisation

A\$8.0m (at A\$0.08)

Directors

Nick Mather (Non-Executive Chairman)

David Mason (Executive Director)

Brian Moller (Non-Executive Director)

Neil Stuart (Non-Executive Director)

Company Secretary

Karl Schlobohm

Contact Details

Level 27, 111 Eagle Street

Brisbane Qld 4000

Tel: +61 7 3303 0650

Fax: +61 7 3303 0681

www.darkhorseresources.com.au

Twitter: @ASX_DHR

HIGHLIGHTS

- Dark Horse has implemented several substantial work programs for the Pico Power Station project in preparation for participation in the Argentine combined cycle and high efficiency thermal power tender, expected to be opened in June/July 2017 for 3GW:
 - Continued exploration and drilling at the Pico Quemado coal project.
 - Pico Power Station Prefeasibility Study carried out by Aurecon Australasia.
 - Transmission Study carried out by Mercados Energéticos Consultores S.A.
 - Establishing an international consortium of creditable power companies to partner with Dark Horse in the tender.
- Exploration and initial drilling has followed extensive geological mapping at the Pico Quemado coal project and is defining the seam stratigraphy, structure and quality of the coal.
- Dark Horse has received positive feedback for its Pico Power Project from the Argentine Ministry of Energy and Mines from the Manifestation (Expression) of Interest submitted in January 2017.
- High lithium grades encountered in spodumene at El Totoral (Li₂O 7.38 wt%) and Los Chañares (Li₂O 7.15 wt%) with low Fe₂O₃.
- Dark Horse now holds approximately 38% of ASX-listed oil and gas explorer Lakes Oil NL.

REVIEW OF PROJECTS AND ACTIVITIES

Dark Horse Resources Ltd (Dark Horse, the Company) has evolved into a diversified resource and energy company, with a particular focus on Argentina, where it has invested in coal, gold and lithium projects, and plans to develop a large thermal power station (refer **Figure 1**). Dark Horse has recently sold its oil and gas projects in Australia, held via NavGas Pty Ltd, to Lakes Oil NL on a scrip for scrip basis.

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

The Company holds extensive lithium projects in the provinces of San Luis and Cordoba through an option to acquire Argentinian company, Pampa Litio SA (formally Orenegro). Dark Horse has an option arrangement with Argentinian company Tres Cerros Exploraciones SRL to acquire the Los Domos gold project in Santa Cruz province.



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

Excarb (Argentinean Coal Projects)

Pico Power Station and the Pico Quemado Coal Project – Rio Negro Province, Argentina

Pico Quemado Coal Project

Drilling is well underway at the Pico Quemado coal project in the western part of Rio Negro province following three months of geological mapping, where new outcropping coal seams were located throughout the southern Pico Quemado deposit and the northern Chenqueniye deposit.

Conosur Mining Services SA has been contracted by the Company to carry out the drilling of approximately 2,500 metres. The rig commenced at the Pico Quemado deposit (refer **Figure 2**) where it is twining old holes drilled in the 1950's to prove the quality of the historic data and to obtain fresh coal core samples for detailed thermal and metallurgical testing. The rig then moved northwards and commenced drilling a series of exploration holes in the Chenqueniye deposit, where several targets were located in the geological mapping phase.

To the end of March 2017, 8 holes were drilled for a total of 703 meters. The initial rig supplied by Conosur had some technical issues and was replaced with a new rig during March, which is performing well.



Figure 2: The Conosur rig drilling at Pico Quemado



Figure 3: Drill core samples from the current drilling program being undertaken at the Pico Quemado coal project

Dark Horse contracted the geological mapping and drilling supervision to its Argentine partner Trendix SA, who have extensive exploration experience in Argentina over many years, and who have carried out exploration mapping and geological evaluation in the Pico Project in recent years. This drilling program is expected to be completed before the onset of winter, expected during early May 2017.

Drill core samples of the coal seams will be collected and prepared in the ALS laboratory in Mendoza, Argentina for later analysis at the ALS Brisbane laboratory. Samples will be tested for both thermal and coking coal properties, because there is good visual evidence from outcrop and core samples that some of the coal is of high calorific value (ie. it is very bright, brittle and has a high vitrinite content).

The Company is currently collating field data and will be reporting initial drilling results in May 2017 followed by analytical results.

Pico Power Station Project

Dark Horse is intending to develop a large, mine mouth, clean-coal fired power plant near the Pico Quemado Coal Project as part of the Argentine government's plan to develop up to 8000MW of new thermal electricity generation within the next decade. The power station will utilise supercritical pulverised coal technology and supply electricity into the wholesale electricity market under a Government guaranteed long term power purchase agreement. Dark Horse is aiming to provide a reliable source of coal fired electricity generation, which is environmentally conscious, socially responsible and economically prudent. Dark Horse is in the process of engaging with major Australian and international groups to jointly develop the Pico Power Project.

Dark Horse made a submission to Argentina's Wholesale Electric Market Manager Company (CAMMESA) in January 2017, manifesting an interest (Mol) in developing its coal fired power station and selling the output to CAMMESA under a power purchase arrangement. CAMMESA (*Compañía Administradora del Mercado Mayorista Eléctrico*) is the administrator of the wholesale electricity market in Argentina.

Dark Horse made a presentation to CAMMESA in February 2017 and had positive feedback from both CAMMESA and the Ministry of Energy and Mines. Dark Horse presented the technical, economic and social merits of the project and answered a range of technical queries. Dark Horse was accompanied at these meetings by representatives of Invest Argentina and the Rio Negro Secretary of Electric Energy, who are very supportive of the project.

Dark Horse also met and updated representatives of the Rio Negro Secretary of Energy in Cipolletti on the status of the Pico coal and power project.

The latest news from the Ministry of Energy and Mines is that there will be three upcoming thermal related tenders in Argentina:

1. Co-generation for 2GW in April 2017,
2. Transmission lines in May 2017, and
3. Combined cycle, including high-efficiency power plants, for 3GW in June/July 2017.

Dark Horse has been invited to participate in the third tender and is now gearing up with a number of detailed studies to ensure a comprehensive bid is made including:

1. Carry out sufficient exploration to delineate a JORC compliant resource at the Pico Quemado coal project.
2. Aurecon Australasia have been engaged to complete a Prefeasibility Study.
3. Transmission Study carried out by Mercados Energéticos Consultores S.A.
4. Establishing an international consortium of creditable power companies to partner with Dark Horse in the tender.

Aurecon have been engaged to carry out a detailed Prefeasibility Study of the Pico Power Station. Aurecon are well known and respected energy consultants with a deep knowledge and understanding of the commercial, technical and environmental drivers and risks that need to be managed for the successful development of a power generation project. The key objectives of the current study are to:

1. Define the technical concept for the proposed power plant, develop costing, and identify key risks.
2. Outline a project development schedule, including key milestones and next steps.
3. Act as an information resource for the project proponent in discussions with other interested parties.

Mercados Energéticos is a well recognised energy consultancy group in Argentina and has been retained to complete a transmission study to better understand the existing transmission constraints in the Comahue –Greater Buenos Aires corridor, the area of interest for Pico. It will also look at alternative transmission solutions to transport the amount of base load electricity generated by the Pico Power Project to the Greater Buenos Aires or other major load centers.

A number of large, international energy development and investment companies have been shortlisted by Dark Horse as potential partners in the Pico Power Project and the Company is working towards the establishment of a joint venture.

Dark Horse is planning to complete this technical and corporate work by June/July 2017 to allow the Company to prepare a comprehensive and competitive thermal power bid in line with the Governments directives.

Marayes Coal Project – San Juan Province, Argentina

With the overwhelming interest and Argentinean support for the Pico Quemado Coal Project and the Pico Power Station Project, work on the Marayes Coal Project has been sidelined with a review pending. The Company continues to meet its earn-in commitments with the Marayes vendors.

Pampa Litio (Argentinean Lithium Projects)

Lithium Projects – San Luis and Cordoba Provinces, Argentina

Dark Horse has an option to acquire Pampa Litio SA (formally Orenegro), an Argentine company holding a large acreage of prospective lithium pegmatite ground in the San Luis and Cordoba provinces of Argentina (refer **Figure 1 above**), through a number of exploration leases, lease applications and mining licences.

An analytical study was completed during the quarter into the lithium content, composition and alteration of spodumene samples, from pegmatites collected from the Company's Las Tapias Mine, the Las Cuevas Mine, El Totoral and Los Chañares properties in Córdoba and San Luis Provinces (refer **Figure 4**). The samples were collected during the August 2016 field program, assayed, and the results reported to the ASX on 5 October 2016.

The analytical study was carried out on behalf of Dark Horse by CICTERRA (the Centre for Investigations in Earth Sciences) at the Universidad Nacional de Córdoba. Results have returned encouraging lithium contents in fresh spodumene at Las Tapias, El Totoral and Los Chañares, varying from 6.48 to 7.38 wt% Li₂O. Most of the spodumene samples have less than 1% Fe₂O₃. Crystals of samples from Las Tapias have between 1.98 and 2.20 wt% Fe₂O₃.

The study indicates that spodumene from El Totoral (Li₂O 7.38 wt%) and Los Chañares (Li₂O 7.15 wt%) is low in Fe₂O₃ (0.6 wt % and 0.9 wt % respectively), indicating the ability to potentially produce a raw lithium product that would be low in iron. The monetary value of low-iron (Fe) spodumene is greater than the more common, higher iron spodumene, as the former is desired for high quality technical grade ore or concentrates used in the manufacture of specialty glass products such as stove tops, ceramics as well as lithium-ion batteries for laptop computers, mobile phones, electric bicycles and electric/hybrid vehicles.

Dark Horse intends to commence exploration on the significant lithium pegmatite targets, particularly El Totoral and Los Chanars this year. Environmental permits are expected to be complete in the second quarter of 2017 to allow commencement of exploration.

The work program will include remote sensing interpretations, ground geophysical programs, regional and detailed geological mapping, and drilling.

A Confidentiality Agreement was executed during March 2017 with Piedra Grande S.A.M.I.C.A y F., a mining subsidiary of Ferrum SA, a large Argentinian ceramics producer, to evaluate the geological data of their licences and determine whether there are any potentially commercial lithium resources. Piedra Grande have a large portfolio of exploration and mining licences in San Luis province. They operate a number of pegmatite mines and produce and process quartz and feldspar for use in Ferrum's ceramics manufacturing business. Dark Horse has commenced an initial review of the geological data in conjunction with Piedra Grande.

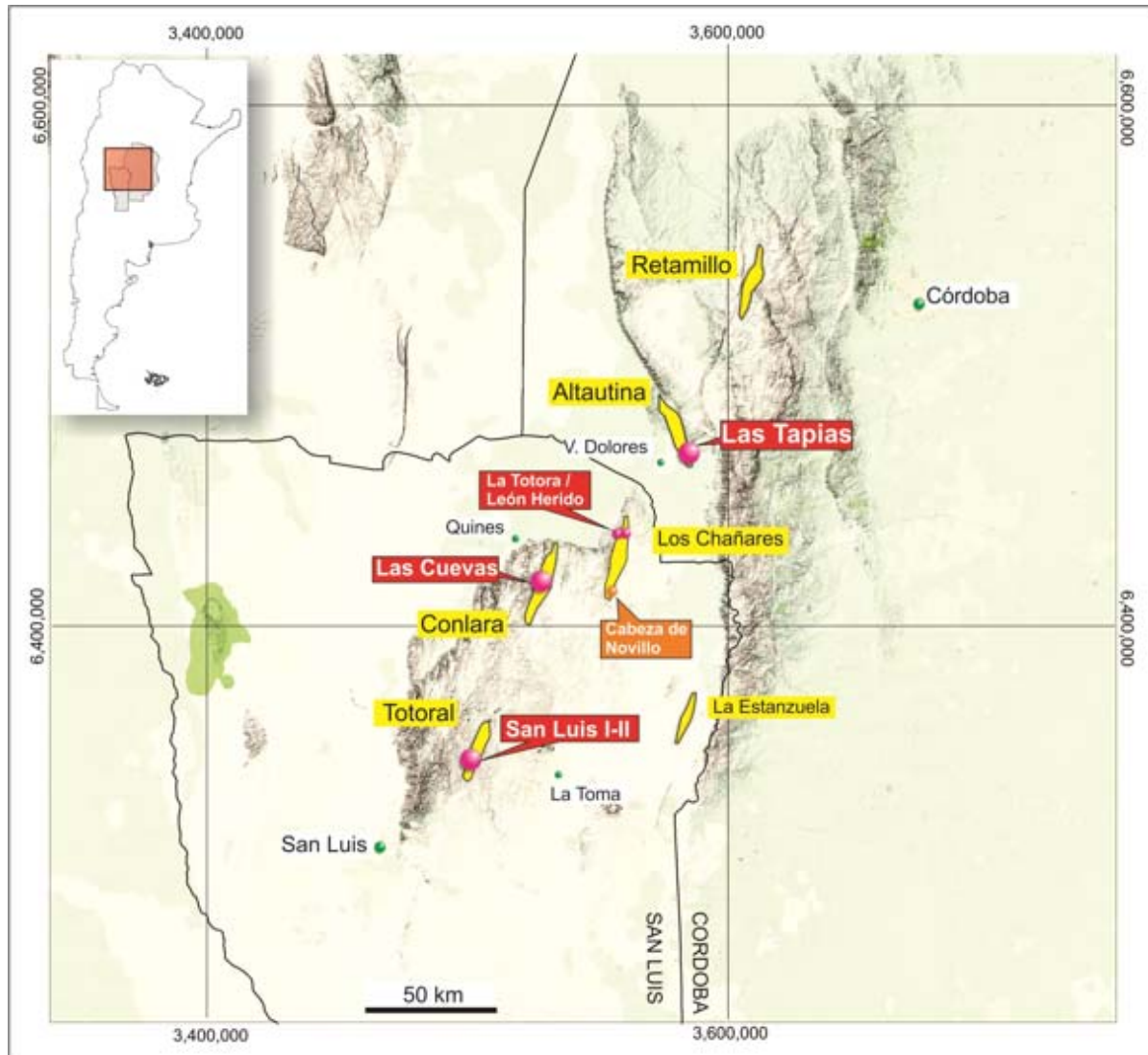


Figure 4: Map showing the location of the Las Tapias, Las Cuevas and other historic spodumene mines controlled by Oronegro (red dots) in the principal pegmatite districts of San Luis and Córdoba Provinces.

Los Domos Gold Project – Santa Cruz Province, Argentina

Dark Horse completed due diligence and entered into an Option Agreement during the quarter with Argentine company Tres Cerros Exploraciones SRL to acquire 85% of the Los Domos Gold Project in the Santa Cruz province (**Figure 5**).

The Los Domos Gold Project contains two exploration licences (Cateos Los Domos and Los Domos Norte as per **Figure 6**) covering a combined area of approximately 105km². The region is host to numerous multi-million ounce, epithermal style gold-silver deposits within Santa Cruz Province including Cerro Vanguardia owned by AngloGold Ashanti, and Cerro Negro owned by AngloGold Ashanti, and Cerro Negro owned by Goldcorp (refer **Figure 5**).



Figure 5: Location of the Los Domos Project with other significant gold projects.

Geologically, the project is 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 gold-silver deposits within Santa Cruz Province including Cerro Vanguardia and Cerro Negro.



Figure 6: Location of the Los Domos and Los Domos Norte cateos (leases).

A number of target areas have been defined within the Los Domos project area associated with two, pervasively altered, rhyolitic domes. Highly elevated gold values from extensive lag sampling and analyses has indicated anomalous gold zones within epithermal vein structures and breccias. A significant amount of exploration work has been carried out on the properties over several years and includes Gradient Array IP (delineating an anomaly), extensive lag sampling on a surveyed grid (resulting in elevated and anomalous Au and Ag grades), regional geological mapping and detailed mapping of vein structures. The vein systems show the typical gold bearing epithermal characteristics.

Dark Horse is currently designing an exploration program for implementation later in 2017 which will target the “drill ready” rhyolite dome hosted bulk style mineralization at the La Punta prospect and also the relatively unexplored epithermal high-grade vein/breccia systems in four other identified prospect areas and more regional reconnaissance to identify further prospective zones.

CORPORATE ACTIVITIES

Settlement of NavGas Transaction

During the quarter, and following approval by Lakes Oil shareholders on 16 January 2017, Lakes Oil settled on the scrip-based acquisition of the balance of NavGas Pty Ltd. As a result, Dark Horse received 9,278,407,344 fully paid shares in Lakes Oil, which it holds in addition to its existing interest in 40,000 LKO \$10 Converting Notes. Dark Horse now holds approximately 38% of the ordinary shares on issue in Lakes Oil.

Also announced during the quarter was the Company's intention, subject to any necessary regulatory approvals, to transfer to Lakes Oil the ownership of Mingoola Gold Pty Ltd for \$1.

The five (5) mineral licences held by Mingoola are the Company's only assets, and overlay certain parts of the South Australian petroleum exploration licence applications (PELA's) held by NavGas Pty Ltd (now owned by Lakes Oil). These tenements were granted in late 2015 / early 2016 for a period of 2 years each, and have spending commitments of between \$170,000 to \$250,000 per tenement. So far, Mingoola's activities have been limited to desk-top studies associated with areas of interest for the underlying NavGas PELA's.

Having disposed of NavGas Pty Ltd earlier in the year, the Mingoola tenements are of no further interest or value to Dark Horse, particularly given the required spending commitments. Ownership of the mineral tenements however, may be of some value to Lakes Oil NL. The Board believes that any value gained by Lakes Oil in the exploration of the Mingoola mineral tenement package will be reflected in the Lakes Oil share price.

Fundraising

On 12 April 2017 the Company announced the results of the accelerated institutional component of its entitlement offer announced on Monday 10 April 2017 (and updated via a supplementary prospectus lodged 26 April 2017).

The Company secured commitments from DGR Global Limited, the Company's Board and Management, and a number of institutional shareholders to raise \$1,538,435 via a combination of cash investment (\$407,000) and debt conversions (\$1,131,435). DGR Global took up its full entitlement amount of \$454,173 via the partial conversion of its loan account. The Directors and Management of the Company also converted a combined total of \$677,262 in unpaid fees and loans into new shares.

The institutional component outlined above is part of the Company's overall non-renounceable entitlement offer made on the basis of 1 new fully paid ordinary share for every 2 shares held at an issue price of \$0.008 per share, to raise approximately \$3.48 million (before costs). Assuming no existing options on issue in the Company are exercised, approximately 435,490,441 New Shares will be offered under the overall 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.

The retail component of the entitlement offer has been extended and is now due to close on Wednesday 10 May 2017.

Executive Director's Role

To support the Company's increased business and operating activities over the past year, and particularly over the last several months with the flagship Pico Power Station project gearing up, Executive Director David Mason's role has been increased from the current 50% availability, to 75%, to ensure effective and strategic management is maintained. Mr Mason's remuneration will raise accordingly to \$225,000 per annum from 1 May 2017.

INTERESTS IN TENEMENTS

Refer Appendix A to this report.

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 Statement

This announcement may contain certain statements and projections provided by or on behalf of Dark Horse Resources Limited (Dark Horse, the Company) with respect to the anticipated future undertakings. These forward-looking statements reflect various assumptions by or on behalf of the Company. Accordingly, these statements are subject to significant business, economic and competitive uncertainties and contingencies associated with exploration and/or mining which may be beyond the control of the Company which could cause actual results or trends to differ materially, including but not limited to price fluctuations, exploration results, reserve and resource estimation, environmental risks, physical risks, legislative and regulatory changes, political risks, project delay or advancement, ability to meet funding requirements, factors relating to property title, native title and aboriginal heritage issues, dependence on key personnel, share price volatility, approvals and cost estimates. Accordingly, there can be no assurance that such statements and projections will be realised. The Company makes no representations as to the accuracy or completeness of any such statement of projections or that any forecasts will be achieved.

Additionally, the Company makes no representation or warranty, express or implied, in relation to, and no responsibility or liability (whether for negligence, under statute or otherwise) is or will be accepted by the Company or by any of their respective officers, directors, shareholders, partners, employees, or advisers as to or in relation to the accuracy or completeness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this presentation or any omission from this presentation or of any other written or oral information or opinions provided now or in the future to any interested party or its advisers. In furnishing this presentation, the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in Dark Horse.

For further information contact:

Mr David Mason
Executive Director
dmason@darkhorseresources.com.au

Karl Schlobohm
Company Secretary
kschlobohm@darkhorseresources.com.au

Website: www.darkhorseresources.com.au

Twitter: [@ASX_DHR](https://twitter.com/ASX_DHR)

APPENDIX A TO QUARTERLY ACTIVITIES REPORT

INTEREST IN TENEMENTS HELD IN THE QUARTER

As at the date of this report, the Group has an interest in the following tenements.

Australian Tenements

No tenements were acquired or disposed of during the quarter.

Tenements held in Australia are as follows:

Tenement	Location	Current Holder	% Interest	Granted
Triple Bluff (EL5700)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	19 Jan 2016
Parachilna (EL 5690)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	26 Nov 2015
Wallerbedina (EL 5693)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	26 Nov 2015
Kallioota (EL 5694)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	26 Nov 2015
Monument (EL 5695)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	26 Nov 2015
Torrens (EL 5638)	South Australia	Dark Horse Resources Ltd	100% (3 year term)	2 July 2015

Argentinean Tenements

In August / September 2016, the Company rationalized its holdings in the Marayes project area, relinquishing a number of the less prospective tenements. The Company still has four (4) applications pending for Marayes, and an option agreement with an Argentinean lease holder (Mr Herrera).

The interests held by the Company at the end of the quarter in relation to the Pico Quemado / Niriuhau coal project are as follows:

Tenement	Location	Current Holder	% Interest
30.143-M-2005	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
29.092-M-2004	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
33.030-M-2008	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
37.058-M-2012	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
37.150-M-2012	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
40.039-M-2015	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%