



Quarterly Activities Report for the Period Ended 31 December 2017

DARK HORSE RESOURCES LTD

ASX Code: DHR

Shares on Issue

1.6 billion

Market Capitalisation

A\$32m (at A\$0.02 per share)

Directors

Nick Mather (Non-Executive Chairman)

David Mason (Executive Director)

Brian Moller (Non-Executive Director)

Neil Stuart (Non-Executive Director)

Company Secretary

Karl Schlobohm

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HIGHLIGHTS

- Highly encouraging lithium assay results from preliminary surface and underground sampling undertaken during the quarter at the Las Tapias Mine site.
- Extensive pegmatite features discovered across the Company's lithium project portfolio via remote sensing interpretation.
- Dark Horse increases its lithium Exploration Target on the basis of results received during the quarter.
- Exploration activities continue across the portfolio of lithium properties, including detailed geological and structural mapping, physical sampling, geophysical surveys and waste dump trenching. Drilling at Las Tapias is planned to commence during Q1, 2018.
- During the quarter, Dark Horse executed the acquisition and transfer agreements for the PROAR portfolio of gold-prospective properties in Santa Cruz (23 leases covering 176,500ha) and Rio Negro (17 leases covering 142,000ha) provinces.
- A third lease was added to the Santa Cruz Los Domos gold project with 20,000ha of ground now under exploration tenure. Preliminary exploration activities and extensive planning is underway, with the aim of defining drill targets for later in 2018.
- Successful capital raising of \$2.25m in cash and \$500,000 via the conversion of Board and management fees.
- Share price re-rated on treasury, lithium exploration results and substantive tenement holding position.

REVIEW OF PROJECTS AND ACTIVITIES

Dark Horse Resources Ltd (Dark Horse, the Company) is a mineral resource company, with a particular focus on Argentina, where it has predominantly invested in lithium and gold projects (refer **Figure 1**).

The Company holds extensive lithium projects in the provinces of San Luis and Cordoba through an option to acquire Argentinian company, Pampa Lito SA. As a result of an allotment of Dark Horse shares to the vendors during the Quarter, Dark Horse now owns 25% of Pampa Lito SA and is continuing its progressive acquisition of the company.

Dark Horse has an option arrangement with Argentinian company Tres Cerros Exploraciones SRL to acquire the Los Domos gold project in Santa Cruz province. During the quarter, the Company also acquired the PROAR portfolio of gold-prospective properties in Santa Cruz and Rio Negro provinces.



Figure 1 – Location of Dark Horse’s mineral projects in Argentina.

Pampa Litio Lithium Projects

Lithium Projects – San Luis and Cordoba Provinces, Argentina

Background

Dark Horse has access to a large portfolio of mineral exploration ground under lease in Argentina through its acquisition of Argentinean company Pampa Litio SA. Pampa Litio holds four separate exploration licences in the San Luis province (Leon Herido, San Martin, Novillo Negro and El Totoral) totalling 34,000ha, and a group of 5 mining licences and one exploration licence over the Las Tapias Mine (300ha) in Cordoba province (refer **Figure 1** and **Figure 2**). Each of these leases was visited by the Dark Horse executive team during September 2017 and substantial and widespread pegmatites were visually observed throughout, with lithium mineralisation obvious in some through the presence of observed high-grade concentrations of Spodumene, Lepidolite and Amblygonite minerals.

Dark Horse's overriding objective is to discover and define a large lithium rich pegmatite resource, develop mines to produce lithium ore, and ultimately a production facility in Argentina manufacturing battery grade lithium hydroxide for sale into the international battery and electronic markets. Future sales may extend into a new domestic market for lithium products as the economy in Argentina continues to transform under the market-reformed current administration. Dark Horse is supported in its aggressive business strategy and model from the current trend in some of the major countries of the world establishing regulations for the change to stop selling vehicles that run solely on diesel or petrol fuels, and to incorporate electric vehicle technologies, which are mostly currently based on lithium batteries.

The Las Tapias Mine is a significant lithium project site for Dark Horse. The Company is acquiring the property from the family owners, who work the pegmatite to produce mica for industrial domestic use. Pampa Litio has previously investigated the mine for the presence of lithium and determined that there is substantial potential. Lithium spodumene crystals are common at both the surface and underground, and as previously reported, assay testing of rock samples have returned the excellent values of up to 6% lithium oxide, which is considered ore grade material.

Activities During the Quarter

On **8 November 2017**, Dark Horse reported that it had completed the first stage mapping and sampling of the surface and underground workings of the Las Tapias Mine, noting the following:

- The Las Tapias geological complex is centred on a circular structural feature, which is some 1,100m in length and 800m wide.
- The mineralised pegmatite is an ellipsoidal feature with a measured length of 300m to 400m, a width of 150m to 200m and an unknown depth.
- Lithological zoning has been defined with an outer border, wall, intermediate and core zones.
- Additional, large pegmatite veins and dykes, exceeding 15m in thickness, exist along fault structures surrounding the main pegmatite.
- Very large crystals of spodumene in massive formations have been mapped on surface and underground.
- A total of 194 rock chip samples were obtained and sent for assaying.

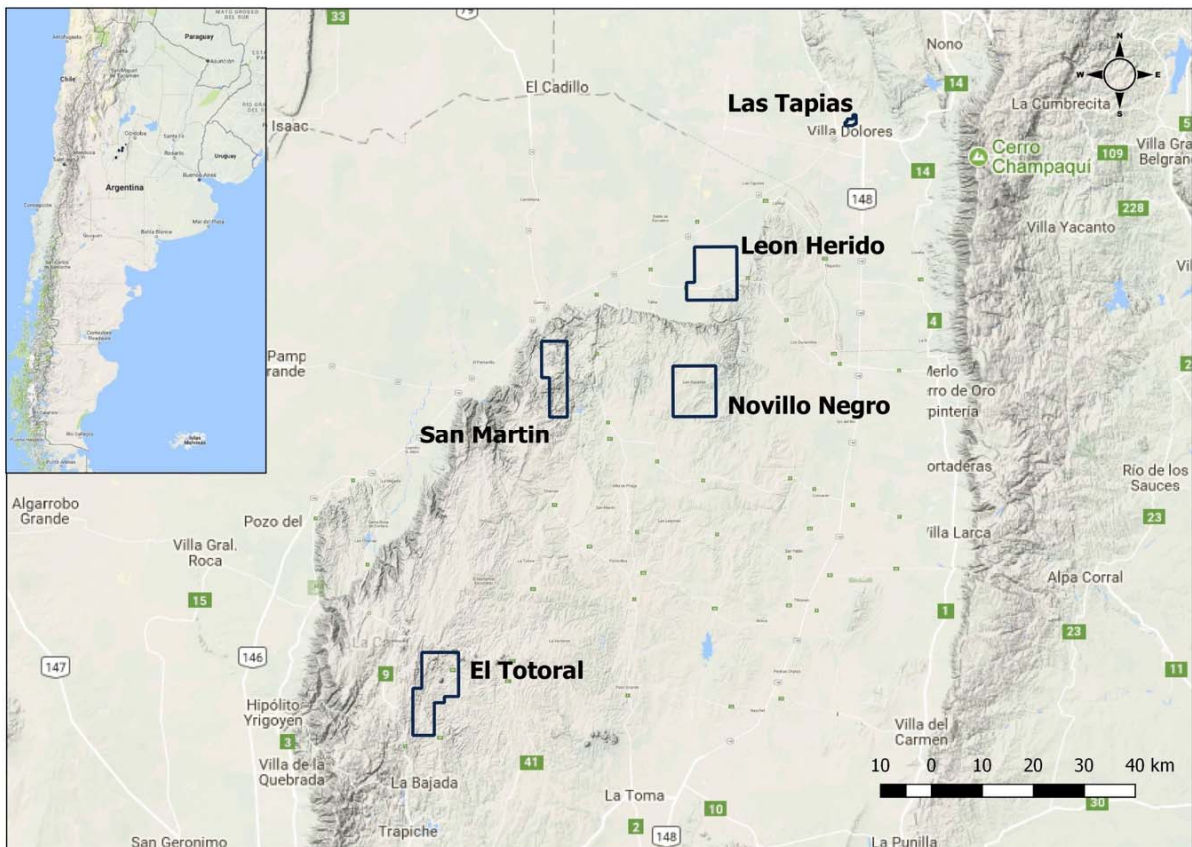


Figure 2 – The Pampa Lito suite of leases in San Luis province and Las Tapias in Cordoba province.

On **16 November 2017**, Dark Horse reported that extensive pegmatite features had been discovered by remote sensing interpretation across the Pampa Lito lithium project portfolio. A comprehensive interpretation of satellite imagery was made over the Leon Herido, Novillo Negro, San Martin and El Totoral granted exploration licences in San Luis province (refer **Figure 2**). The objective was to delineate any light-coloured bodies that might be reflective of quartz feldspar dykes/intrusives or pegmatite-like masses that may be host to lithium mineralization. The results of the remote sensing study were as visually represented in **Figure 3 to Figure 6** below.

On the basis of the results, the Company commenced “ground truthing” the remote sensing work (follow up geological mapping on site) and initial observations at the El Totoral lease have determined that many of the predicted pegmatite features observed by this work are indeed pegmatites. Spodumene mineralisation, and other lithium bearing minerals, has been observed in some of the pegmatites. The detailed geological mapping, sampling and assaying program currently underway will assist in proving the nature and size of the actual mineralisation.

The El Totoral licence containing the historic San Luis Mine and the 4.5km long pegmatite strike is the highest priority property, and Dark Horse has commenced reconnaissance work there and will expand the activities once environmental permits are received from government authorities, expected imminently. As the other licences all contain a range of large and interesting pegmatite occurrences, the team will advance in a northerly direction and geologically map each licence systematically.

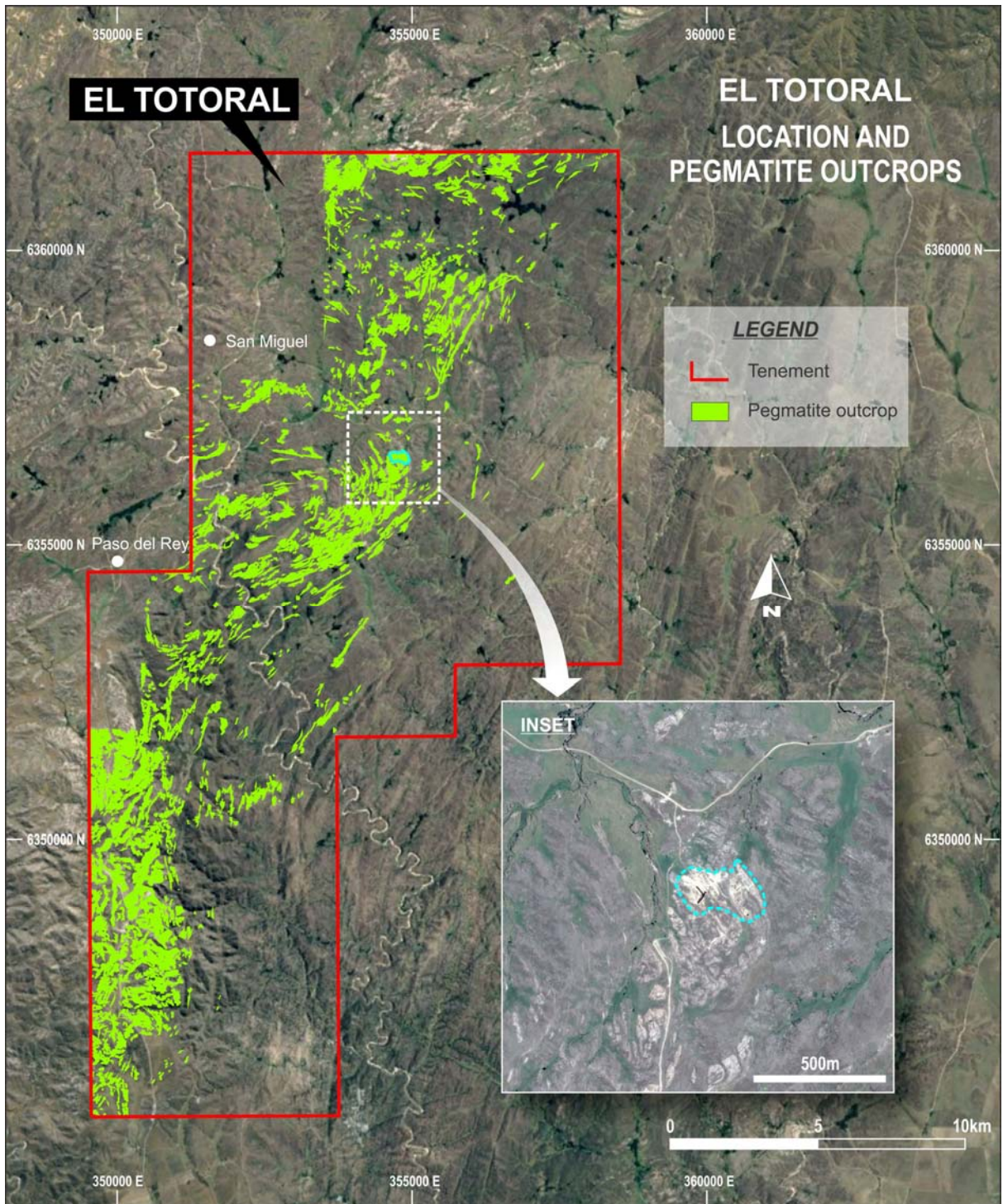


Figure 3 – The El Totoral exploration licence with pegmatites outlined in green. Inset shows a large pegmatite outcropping at surface.

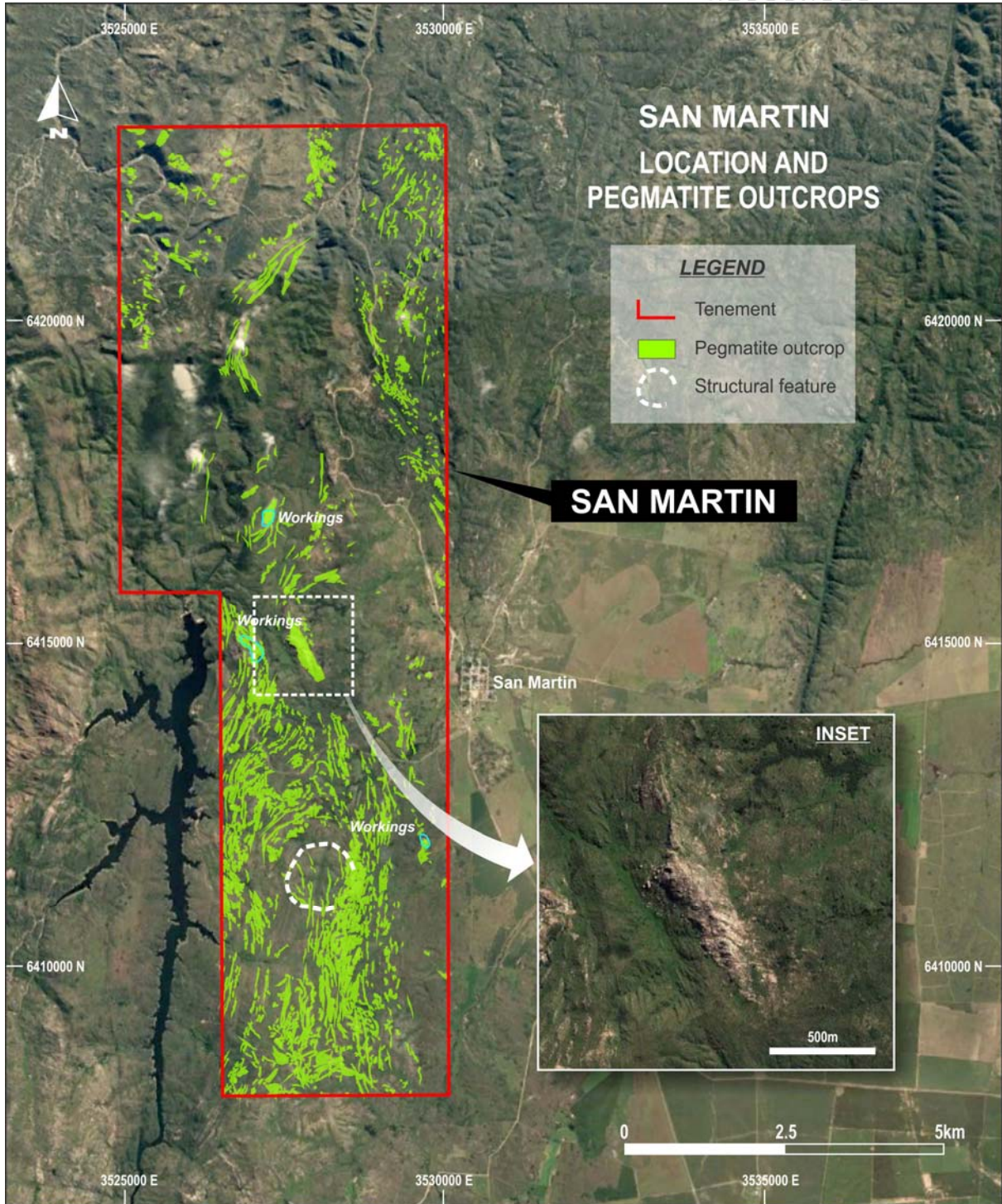


Figure 4 – The San Martin exploration licence with pegmatites outlined in green. Inset shows a large pegmatite outcropping at surface.

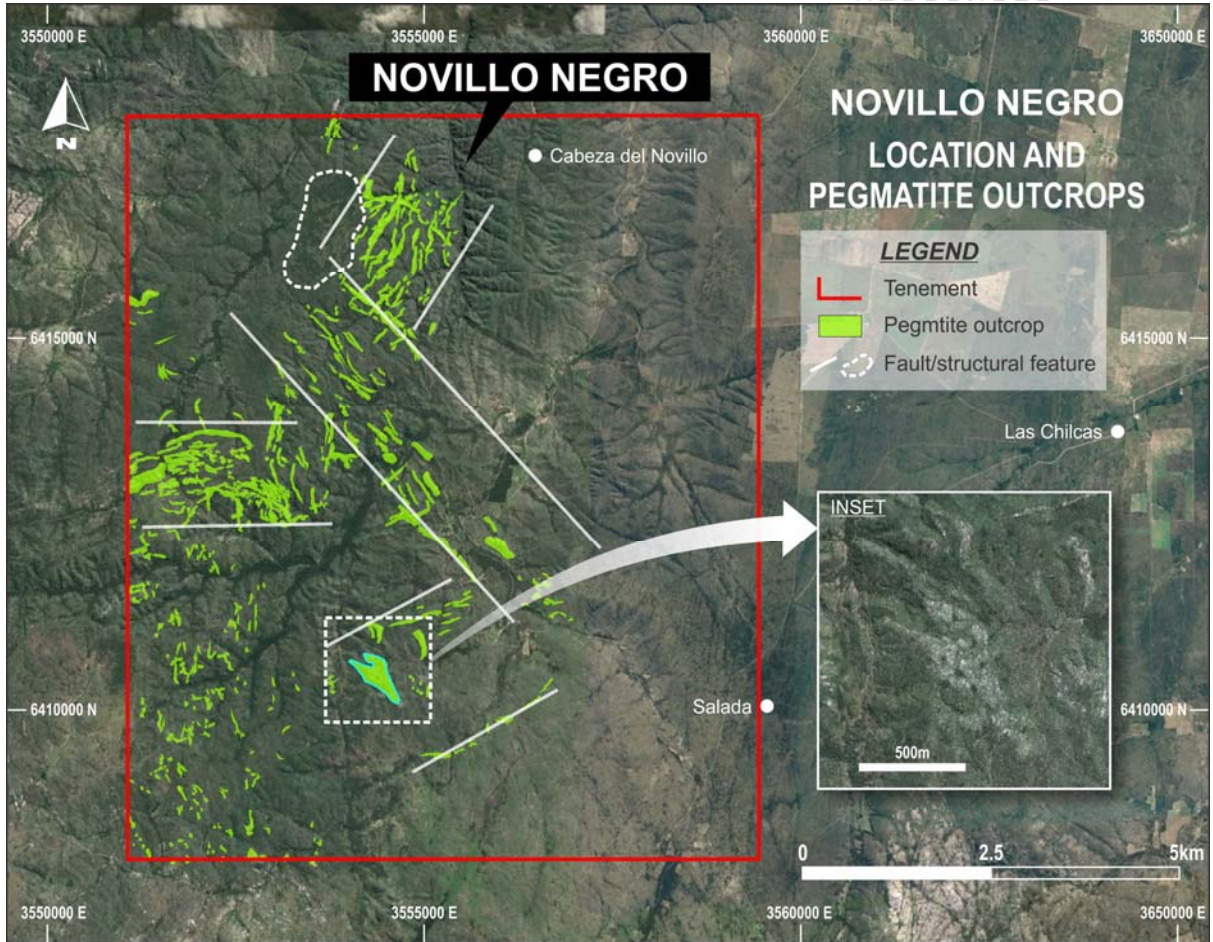


Figure 5 – The Novillo Negro exploration licence with pegmatites outlined in green. Inset shows a large pegmatite outcropping at surface.

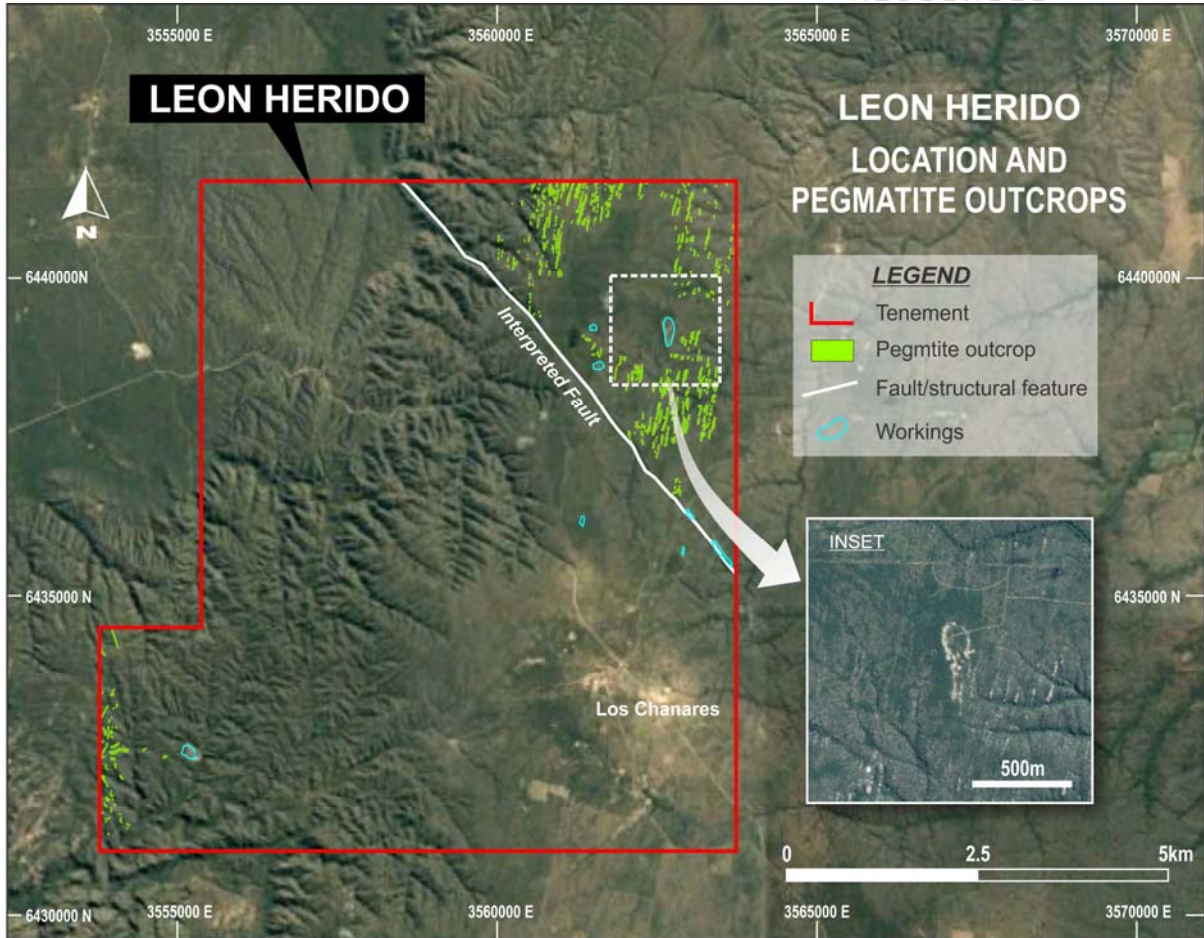


Figure 6 – The Leon Herido exploration licence with pegmatites outlined in green. Inset shows a large pegmatite outcropping at surface.

On **7 December 2017**, the Company reported that it had received the initial assay results from the mapping and sampling program undertaken at the Las Tapias Mine in November-December of 2017, with the following highlights noted:

- The mineralised pegmatite is an ellipsoidal feature with a measured length of 300m to 400m, a width of 150m to 200m and an unknown depth, determined from surface and underground mapping at the mine.
- Very large crystals of spodumene in massive formations have been mapped on surface and underground (refer **Figure 7** below).
- A total of 142 representative rock chip samples were obtained and assayed - 39 from underground and 103 from the surface.
- All underground samples returned lithium contents. They are predominantly 2m-long representative channel samples from the drives and caves, and cover a significant proportion of the old working spaces.
- 54% (21 of 39) of these underground samples returned lithium values greater than 1.0% Li₂O.
- There are two separate, continuous 30 metre sections within the underground caves that average 2.47% and 1.11% Li₂O each.
- Best underground results of Li₂O are: 5.63% (A-1106), 5.74% (A-1108) and 4.93% (A-1109).

- Shallow surface weathering would have caused surface spodumene samples to return low Li₂O values. An immediate follow-up trenching program utilising the mine's earth moving equipment to obtain fresh samples has been implemented to test the depth of weathering, expected to be several meters only.
- Best surface results of Li₂O are: 1.33% (A-1064) and 0.94% (A-1063).
- A preliminary assessment of the Mine waste dumps has indicated a quantity of waste rock material of approximately 2 million tonnes. Preliminary surface sampling has indicated lithium content, however shallow surface weathering is believed to have affected the mineralisation and hence the results. Again, trenching is being implemented to obtain fresh samples and a better definition of the dumps.
- Best surface waste dump results of Li₂O are: 1.87% (A-1140) and 0.69% (A-1131).
- Some anomalous Tantalum results were returned from surface samples, but not underground samples.
- Best surface results of Ta₂O₅ are: 262ppm (A-1006), 151ppm (A-1015) and 182ppm (A-1023).
- A first stage drilling plan has been designed for Las Tapias with 25 holes for 3,000 metres scheduled. This work will commence as soon as drilling permits have been secured, which is expected in March 2018.
- The results of the initial drilling are expected to move the project towards the estimation of a maiden indicated and inferred JORC compliant resource.
- Subsequent follow up resource definition drilling will be scheduled during 2018 to further upgrade the maiden resource.
- The Company's lithium Exploration Target has been upgraded on the basis of these, and previously reported, results. The revised Exploration Target is approximately 75 million tonnes to 100 million tonnes of lithium ore grading from approximately 0.9% Li₂O to approximately 1.5% Li₂O. This is a substantial increase from the Company's previous estimation of approximately 30 million tonnes to 60 million tonnes with the same grade, due to the increased knowledge surrounding the Las Tapias pegmatite, the El-Total/San Luis Mine pegmatite, and the discovery of the plethora of pegmatites in the San Luis Province Exploration Licence portfolio via the remote sensing work recently undertaken and reported. The Company notes that the potential quantity and grades quoted is conceptual in nature, and that there has been insufficient exploration undertaken to date to estimate a mineral resource, and that it is uncertain if further exploration will result in the estimation of a mineral resource.

Dark Horse has developed comprehensive exploration programs for its full suite of licences in San Luis and Cordoba provinces, in particular the primary targets of Las Tapias and El Total/San Luis Mine. It has engaged a professional team of geoscientists, is well funded, and is moving systematically and prudently down the path to meet its objectives. The main activities to be carried out during Q1 include:

- A trenching program of the Las Tapias mine waste dumps to test the lithium content vertically through the dumps, where less leaching is expected.
- A preliminary feasibility and economical evaluation on the potential lithium product contained within the Las Tapias waste dumps.
- Preparations for the Las Tapias exploration and resource definition program with a view to commencement late Q1 or early Q2, depending on timing for securing drilling permits, which are currently under processing by government authorities in Cordoba. Twenty-five holes for a total of 3,000 metres are planned, with most holes expected to be 100 to 150 metres deep.
- Reconnaissance exploration activities of the Pampa Litio lithium properties in San Luis Province. Initial work will concentrate on the El Total lease, where the objectives are to systematically

map and sample the pegmatites. The Company is waiting for the final approval of the environmental permit from the San Luis Province mining authorities. These activities will be expanded to include the other Pampa Lito San Luis Exploration Licences (all granted) of San Martin, Novillo Negro and Leon Herido once the permit has been issued.



Figure 7: Photos of large spodumene crystals in massive formation, Las Tapias Mine underground.

PROAR Mineral Properties

Mineral Projects – Santa Cruz and Rio Negro Provinces, Argentina

During the Quarter, Dark Horse executed the acquisition and transfer agreements for the PROAR portfolio of gold-prospective properties with the vendor, a successful, professional exploration geologist based in Argentina (refer **Figures 1 and 8**). Ownership of all properties will be transferred to Dark Horse's 100% Argentine subsidiary company Excarb SA.

The PROAR properties include 23 leases covering 176,500ha in Santa Cruz province and 17 leases covering 142,000ha in Rio Negro province.

The Santa Cruz properties are all located within the Deseado Massif, which covers a large region in Santa Cruz. The Deseado Massif hosts numerous low-sulphidation, epithermal, precious-metal quartz vein and vein-breccia deposits that appear to have closely followed the Jurassic acid volcanism. There are six operating mines in the area: Cerro Negro – Goldcorp; Cerro Vanguardia – AngloGold Ashanti; Minera Santa Cruz – Mauricio Hochschild/McEwen Mining; Manantial Espejo – Panamerican Silver; Mina Marta - Hunt Mining; and Martinetas – Minera Don Nicolas. There are several advanced projects under exploration, and Cerro Moro – Yamana Gold is under construction (see **Figure 9**).

Dark Horse commissioned a Prospectivity Matrix study to indicate Target Prospectivity for each of the leases. A valorization matrix using Kilburn's modified valuation methodology, including closeness to infrastructure (energy, roads and services), stratigraphy, geophysics, alteration, geochemistry, structure and mineralization. The results of this work have assisted Dark Horse in prioritizing the potential of each project and in the formulation in designing exploration programs for the properties.

There are a number of properties which have indicated good prospectivity including Fenix, Aguada Grande (adjacent to Dark Horse's Los Domos Gold project), Halcon, Cerro La Taba, Aguada del Cuero and Tres Cerros Sur.

Dark Horse Director and gold expert Neil Stuart, made a field visit to some of the PROAR properties in late 2017 and is in the process of designing a comprehensive exploration program in conjunction with the Company's Argentine exploration team, which will commence during 2018.

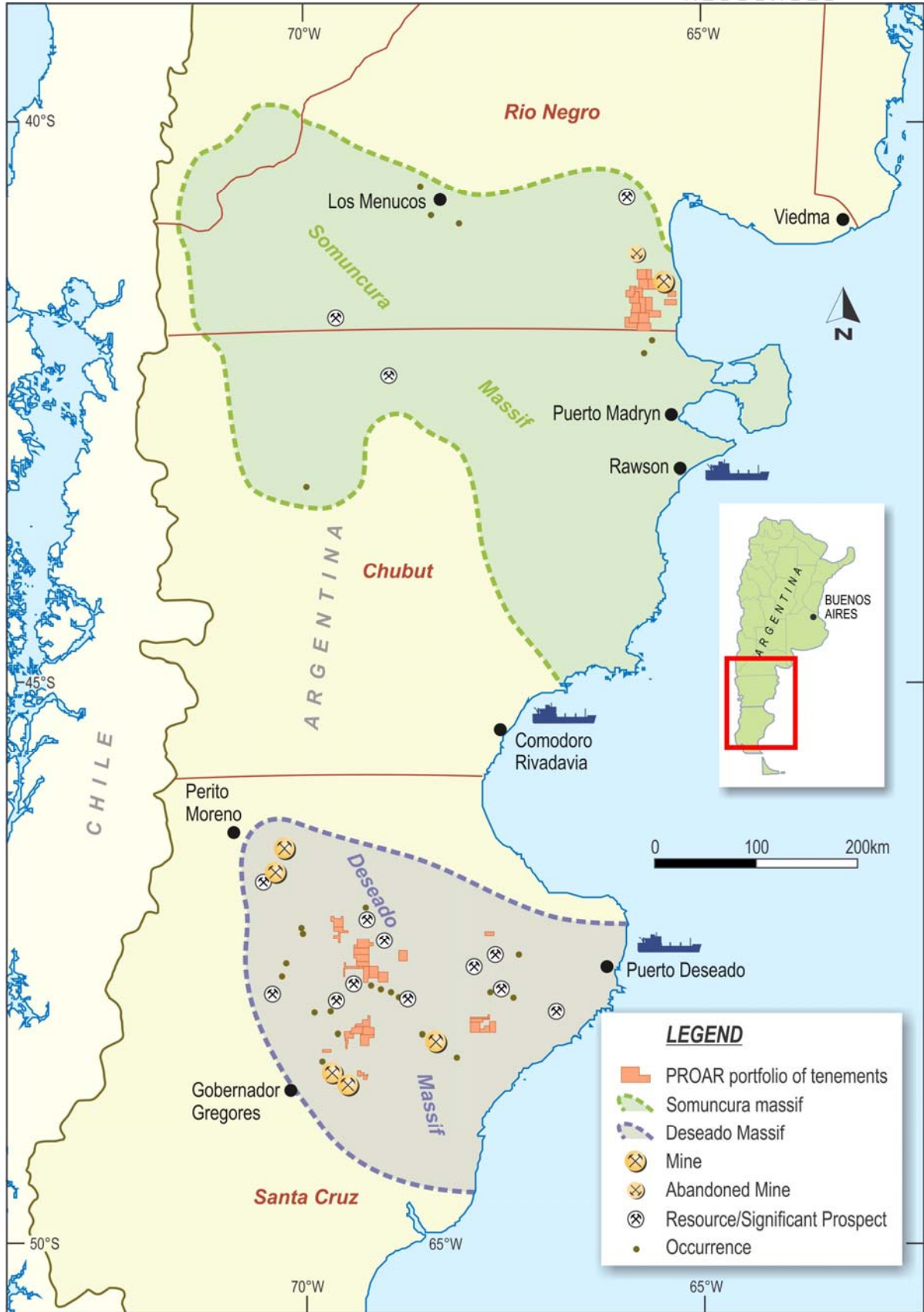


Figure 8: Location of PROAR tenements within Argentina

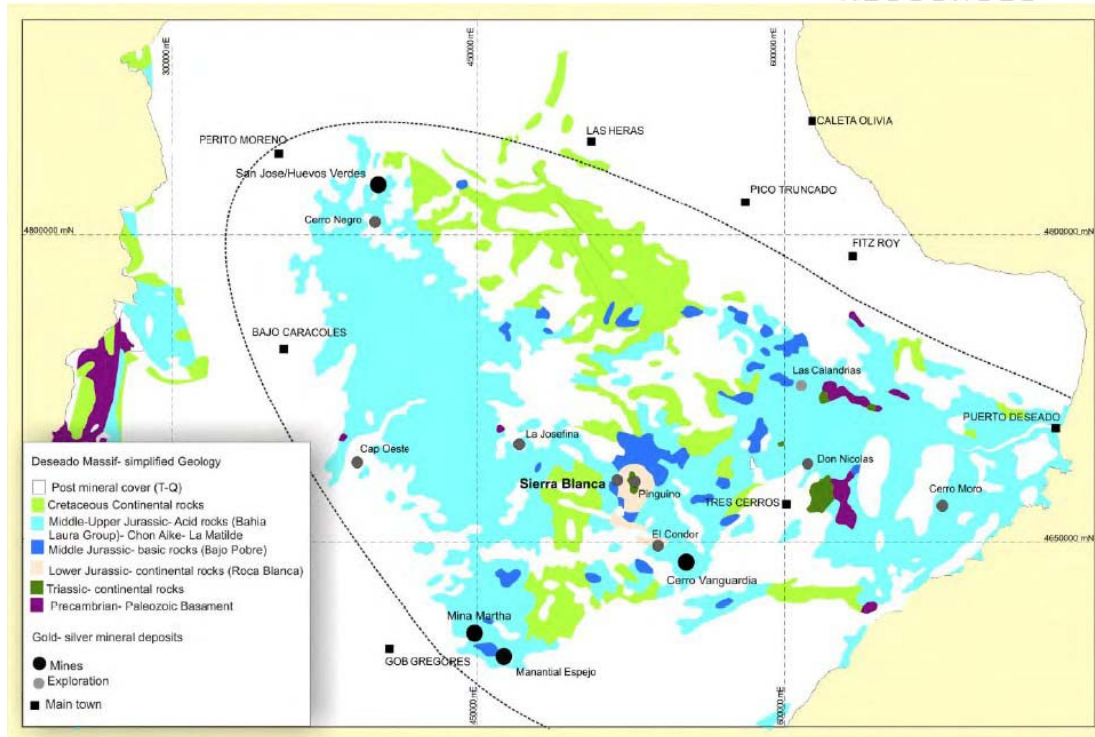


Figure 9: Regional geology of Santa Cruz and the major gold deposits and mines

Los Domos Gold Project

Los Domos Project – Santa Cruz Province, Argentina

Background

The Los Domos Gold Project is located in the central-eastern region of Santa Cruz Province, Argentina (refer **Figures 1 and 10**). Dark Horse is earning an interest in the property through a series of vendor payments and expenditure commitments.

Dark Horse secured an additional lease (Amalaya) within the Los Domos gold portfolio during the quarter (refer **Figure 11**), which expanded the footprint to 20,000ha and adds several promising exploration targets.

The Los Domos Project lies within the east-central part of the Deseado Massif in the Santa Cruz province of Argentina. The Massif is dominated by extensive Jurassic volcanic and intrusive rocks, in which older andesitic and basaltic units are overlain by rhyolites, ignimbrites, and volcanoclastic rocks. Cretaceous lake beds overlain by Tertiary and Quaternary alkali basalts partly cover the Jurassic volcanic plateau. The Deseado Massif hosts numerous low-sulphidation, epithermal, precious-metal quartz vein and vein-breccia deposits that appear to have closely followed the Jurassic acid volcanism including multimillion ounces Au-Ag deposits as Cerro Negro (Goldcorp), Cerro Vanguardia (Anglo Gold) and several mid-sized gold projects.

Activities Undertaken During the Quarter

Within the project area, several exploration prospects were visited during a field program, with the most prominent target being La Punta (refer **Figures 11 and 12**), which covers an ellipsoidal area approximately 1,000m x 500m at the intersection of two structural corridors.

Basically, the Los Domos area is highly prospective for large tonnage/modest grade gold/silver mineralization associated with altered rhyolitic domes and high grade epithermal vein/breccia style gold/silver mineralization peripheral to the domes.

A program of detailed mapping and sampling was commenced during the quarter and is continuing. Further elements to the exploration program will include satellite imagery interpretation (concentrating on delineating structural elements of the geology and mineralization alteration manifestations) followed by “ground truthing” with field geological mapping, rock chip and channel chip sampling and multi-element analyses. Appropriate geophysical techniques are being investigated for suitability to the Los Domos mineralisation style and will be implemented, with drilling planned for later in 2018.



Figure 10: Location of the Los Domos Project with other significant gold projects.

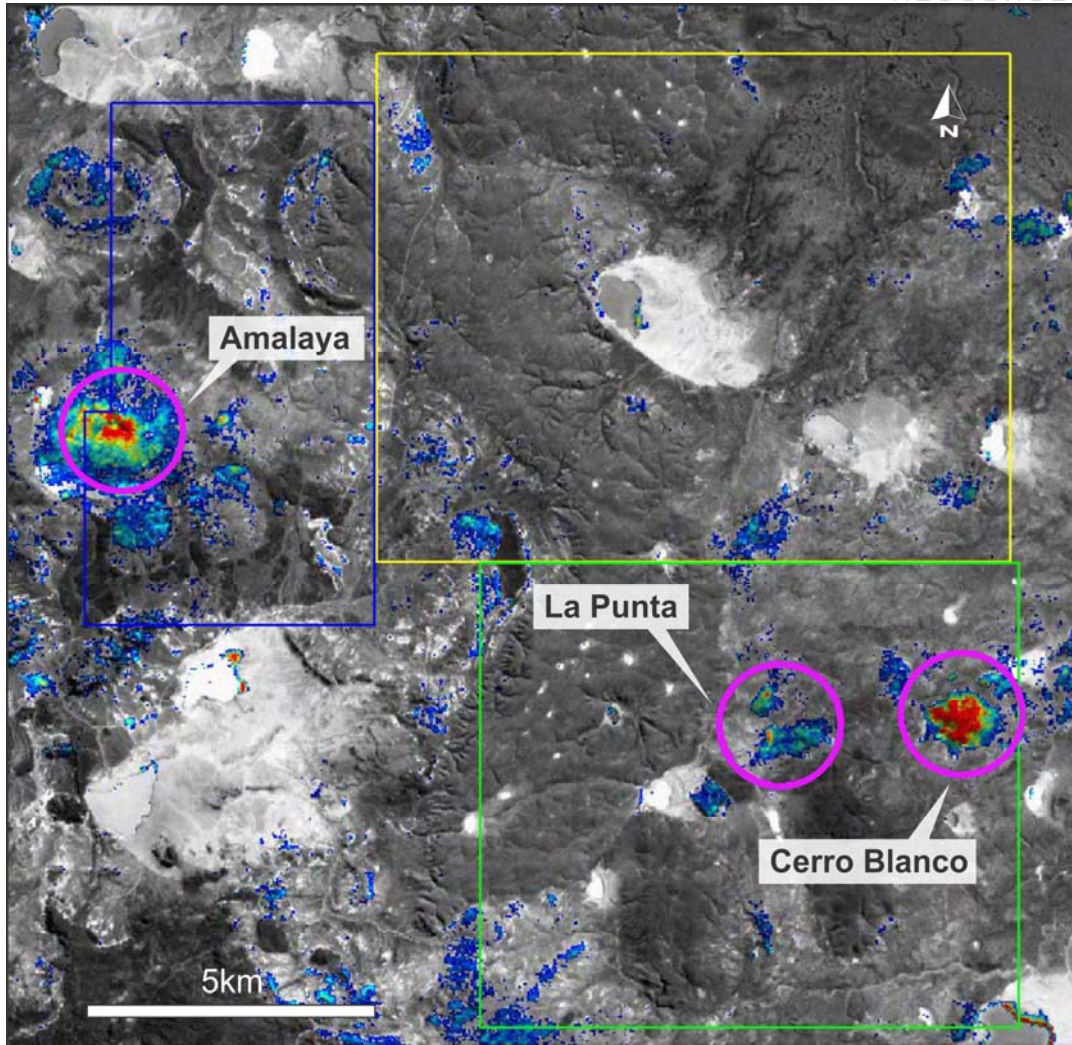


Figure 11: Los Domos mineral targets identified from remote sensing alteration evaluation – from left to right: Amalaya, La Punta and Cerro Blanco.

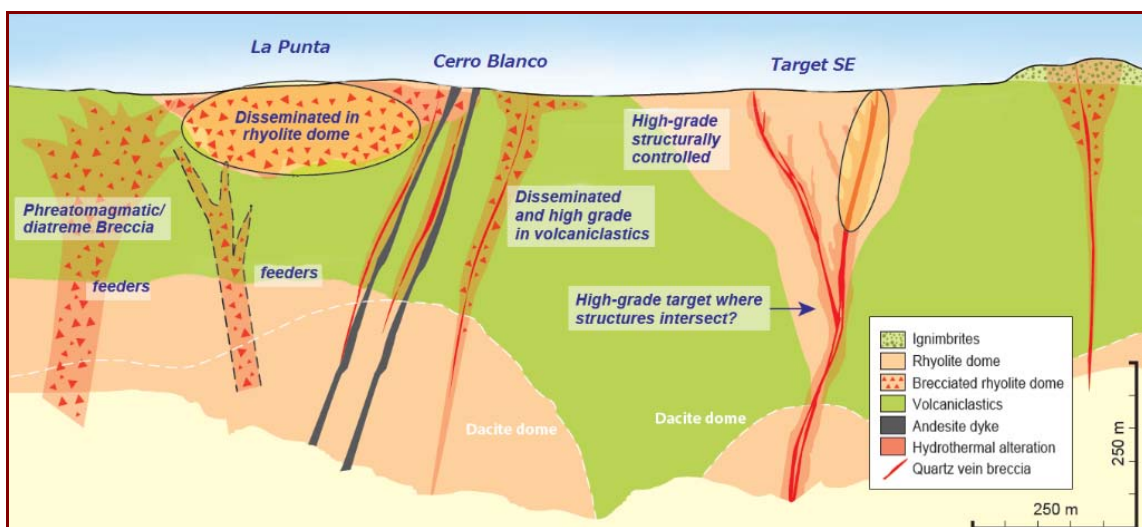


Figure 12: Mineralization model (modified from Mariana Resources Las Calandrias mineralization model)

CORPORATE ACTIVITIES

During the quarter the Company raised \$2.25million in cash by way of private placement, and the Company's Board and management elected to convert \$500,000 in fees owed to them into the raising on the same terms as the third party investors. The shares issued to Directors were allotted under the Director's Fee Plan approved by shareholders at the Company's 2017 AGM.

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.

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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.

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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.

Argentinean Tenements

Marayes Coal Project

The Company still has four (4) applications pending for the **Marayes Coal Project**, and an option agreement with an Argentinean lease holder (Mr Herrera).

Pampa Litio Lithium Projects

Dark Horse Resources is currently progressing a staged acquisition of Pampa Litio SA. Dark Horse currently holds 25% and has the right to continue to acquire through to 100%. Pampa Litio holds interests in the following tenements in Argentina:

Tenement	Location	Project	Holder	% Interest
2013/2016	Piedra Pintada	Pampa Litio	Pampa Litio S.A.	Earning up to 100%
47-R-2016	San Martin	Pampa Litio	Pampa Litio S.A.	Earning up to 100%
48-R-2016	El Totoral	Pampa Litio	Pampa Litio S.A.	Earning up to 100%
60-R-2016	León Herido	Pampa Litio	Pampa Litio S.A.	Earning up to 100%
61-R-2016	Novillo Negro	Pampa Litio	Pampa Litio S.A.	Earning up to 100%
0000-005445/1957	San José II	Las Tapias	Juan Andino	Earning up to 100%
0000-001567/1941	La Protectora	Las Tapias	Juan Andino	Earning up to 100%
0000-001648/1941	San Telesforo	Las Tapias	Juan Andino	Earning up to 100%
0000-002013/2016	Piedra Pintada	Las Tapias	Juan Andino	Earning up to 100%

Los Domos Gold Project

Dark Horse Resources has the opportunity to earn up to 85% of the following tenements in Argentina as part of the Los Domos Gold Project:

Tenement	Location	Project	Holder	% Interest
431.788/CL/15	Los Domos	Los Domos	Tres Cerros SRL	Earning up to 85%
435.704/TCE/16	Los Domos Norte	Los Domos	Tres Cerros SRL	Earning up to 85%
437.144/TCE/17	Amalaya	Los Domos	Tres Cerros SRL	Earning up to 85%

Proar Gold Project

Dark Horse currently holds 100% of the following tenements in Argentina as part of the Proar Gold Project:

Tenement	Location	Project	Holder	% Interest
427.025/DG/11	Santa Cruz	Proar	Excarb SA	Earning up to 100%
427.026/DG/11	Santa Cruz	Proar	Excarb SA	Earning up to 100%
427.780/DG/11	Santa Cruz	Proar	Excarb SA	Earning up to 100%
427.783/DG/11	Santa Cruz	Proar	Excarb SA	Earning up to 100%

Numerous additional applications for the PROAR project portfolio are pending grant.