



## Quarterly Activities Report for the Period Ended 31 March 2018

### 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

- High grade lithium spodumene assays at the 6km long San Luis Mine/El Totoral pegmatite.
- Large, circular Paso del Ray pegmatite feature discovered in central part of El Totoral lease.
- Large, massive spodumene discovered in the northern part of El Totoral lease.
- Five (5) new Mining Licences acquired in San Luis Province.
- Las Tapias Mine waste dump testing program upgraded.
- Las Tapias Mine drilling program planned to commence during the first half of 2018.
- Spodumene discovered in Leon Herido lease.
- Detailed geological mapping and sampling well underway at the Los Domos Gold project.
- Dark Horse Energy Holdings appoints Boyd White as Managing Director and commences initial project studies.
- Lakes Oil court case against the Victorian State Government heard on 15 March 2018. Judgement is awaited.
- New project opportunities continue to be reviewed.

## REVIEW OF PROJECTS AND ACTIVITIES

Dark Horse Resources Ltd (Dark Horse, the Company, ASX:DHR) is a mineral resource company with a particular focus on Argentina. The Company currently has the following activities and interests:

- A. Argentinean Lithium Projects**
- B. Argentinean Gold Projects**
- C. Dark Horse Energy Holdings**
- D. Interest in ASX-listed Lakes Oil NL**
- E. New Project Opportunities**

Dark Horse is run by an experienced Board and management team, with significant combined project generation and exploration, South American, capital market, legal, financial and corporate management experience. Company Director Neil Stuart has over 15 years experience in Argentina and was a founding Director of Oroplata Ltd which acquired the highly prospective Cerro Negro Epithermal Gold Project in Argentina and advanced 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 developed the Argentinean Salar Olaroz Lithium Project, and which is now producing battery grade lithium carbonate. Dark Horse's current suite of Argentinean projects is shown in **Figure 1**.

### A. Argentinean Lithium Projects

The Company holds an extensive portfolio of lithium projects in the provinces of San Luis and Cordoba through an agreement to acquire Argentinian company, Pampa Litio SA. Dark Horse currently owns 25% of Pampa Litio SA and is continuing its progressive acquisition of the company. In turn, Pampa Litio holds an agreement to acquire the Las Tapias Mine from the family owners, who work the pegmatite to produce mica for industrial domestic use.

The Las Tapias Mine is a significant lithium project site for Dark Horse. 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.

During the quarter, Dark Horse executed an acquisition agreement for five (5) current Mining Licences in San Luis province with Cerro Blanco S.R.L Mining Company, a company which has been operating pegmatite mines for some 30 years, principally producing and selling beryl, spodumene, tantalum, feldspar and quartz. Cerro Blanco has a current contract to sell high grade, direct shipping beryl ore to a Chinese company.

Dark Horse's overriding objective remains the discovery and definition of 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.



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

### **Pampa Litio Lithium Projects**

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 has an agreement to acquire the Las Tapias Mine in Cordoba province (refer **Figure 2**). Work continued throughout the quarter in relation to the main Pampa Litio project sites, as summarised below.

#### Las Tapias Mine

During the quarter, the survey of the major north-western and south-eastern waste dumps at the Las Tapias Mine, each expected to be approximately one million tonnes in size, showed the dumps to be up to 70m thick, with a large proportion of the dump around 40m thick. This resulted in a change to the planned bulk testing program, away from simple shallow trenching, to facilitate a more comprehensive, deeper testing process. Accordingly, RC drilling and/or large diameter coring is being considered, with negotiations underway for a drilling contractor to implement this program.

Assay results from the earlier surface sampling of the dumps proved there is significant grades of lithium in some of these dumps, and they deserve comprehensive testing to determine more representative grading throughout. These waste dumps are easily accessible and could be mined in a straight forward open-cut manner utilising small excavators and trucks within the current mining licence permits.

The Las Tapias Mine drilling permit application is expected to be issued by the governmental authority prior to the planned commencement of drilling during the first half of 2018. Twenty-five (25) holes for a total of 3,000 metres are planned, with most holes expected to be 100 to 150 metres deep. Some deeper holes will be drilled to fully test the depth extension of the mineralised pegmatite. A drilling contract is being finalised with an Argentine drilling company.

It is anticipated that the results of this initial drilling will move the project towards the estimation of a maiden Indicated and Inferred JORC Resource. Subsequent follow up resource definition drilling would follow to further upgrade the resource. Should the results prove a reasonably sized resource with satisfactory grade, Dark Horse will immediately proceed to a pre-feasibility study stage.

#### Leon Herido

During the quarter work was carried out in the northern Leon Herido lease which covers historical spodumene mines in the Los Chañares pegmatite field (refer **Figure 2**). Included are three (3) of the oldest spodumene mines in San Luis - La Totoral, Don Pancho and Leon Herido. As outlined in the Company's market release of 5 March 2018, the Leon Herido pegmatite contains spodumene rock contents of up to 50% in volume. The crystals observed have sizes up to 30cm in length (**Photo 1a & b**). They are widespread in an LCT-type sub vertical pegmatite (quartz, albite spodumene). Preliminary work discovered a number of pegmatites of widths up to 4m and lengths of 100m.

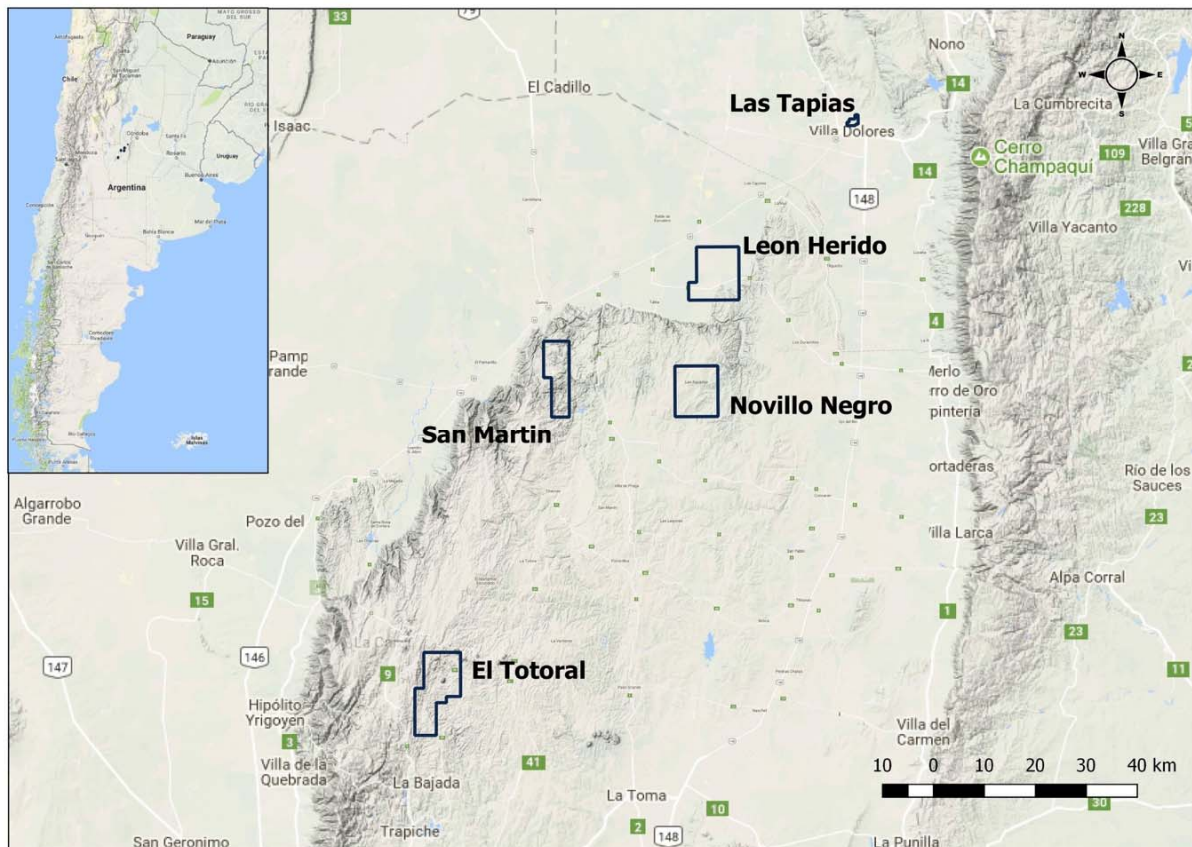
Dark Horse will focus on additional mapping and sampling in these historic mine areas and follow the pegmatites out into the exploration licence to test their extension and to locate additional mineralised pegmatites.





**Photo 1a & b – Massive spodumene crystals discovered within pegmatites in the Leon Herido lease.**





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

### El Totoral

Exploration continued during the quarter at the San Luis Mine/El Totoral pegmatite in the El Totoral lease (refer **Figures 2 and 3**). There are numerous parallel pegmatites in this area, existing as swarms, which have been identified over a strike length of 6km. Exploration is initially being carried out on a regional scale to test the pegmatite for the occurrence of spodumene, with areas of interest targeted for detailed follow up work. East-west sections have been created from south to north every 500m to 1km, and detailed geological mapping and representative rock chip channel sampling carried out along these sections to gain an initial appreciation of the lithium contents.

A total of 105 samples were obtained and to date, 86 samples assayed, the most significant results include (refer **Figure 3**):

- San Luis Mine area – **1.91%, 1.97%, 0.81% and 0.44%** Li<sub>2</sub>O
- Central area – **1.13%** Li<sub>2</sub>O
- Southern area – **2.35%, 1.71%, 0.84%, 0.63%** Li<sub>2</sub>O

Full assay results were released by the Company on 5 March 2018. The assays also returned some high tantalum pentoxide (Ta<sub>2</sub>O<sub>5</sub>) values ranging up to 698 ppm.

These results again confirm that shallow surface leaching has likely affected the lithium content of the pegmatite, and that sub-surface exploration techniques will need to be employed to test the area's real potential.

The pegmatite bodies are mostly oriented north-south to northeast-southwest, and range in thickness up to 30m on the surface, with some several hundred metres in length. The pegmatites are finger-like structures at surface and typical pegmatite zoning is evident (wall, border and core). Spodumene is easily observable in old quarries, adits and galleries, but is otherwise relatively scarce at surface, leading to the conclusion that trenching, geophysics and drilling are required to comprehensively determine the area's potential.

Geological mapping in the central part of the El Totoral lease identified a large, circular feature with many longitudinal pegmatite bodies intermixed with granites and pegmatitic granites (refer **Figure 3**). The feature has an axis oriented northeast to southwest with a surface length of 5-6km and a width 3-4km. Some preliminary field work and sampling was undertaken during the quarter.

Reconnaissance mapping in the northern part of the El Totoral lease during the quarter defined an area where large and massive spodumene crystals outcrop at surface in old quarry workings (refer **Figure 3** and **Photo 2**). Again, exploration work was preliminary in nature, but this area will be a major focus of the ongoing exploration program.

Exploration is ongoing and the next phase of work includes detailed mapping, sampling and trenching of the areas showing the greatest concentrations of lithium superoxide ( $\text{Li}_2\text{O}$ ). Geophysical surveys over the El Totoral pegmatite will be considered, with this future work culminating in the definition of drill targets. Dark Horse is planning to commence immediately following the Las Tapias drill program, and subject to permitting approvals.



**Photo 2 – Large spodumene crystals discovered with pegmatites in the northern part of the El Totoral lease.**



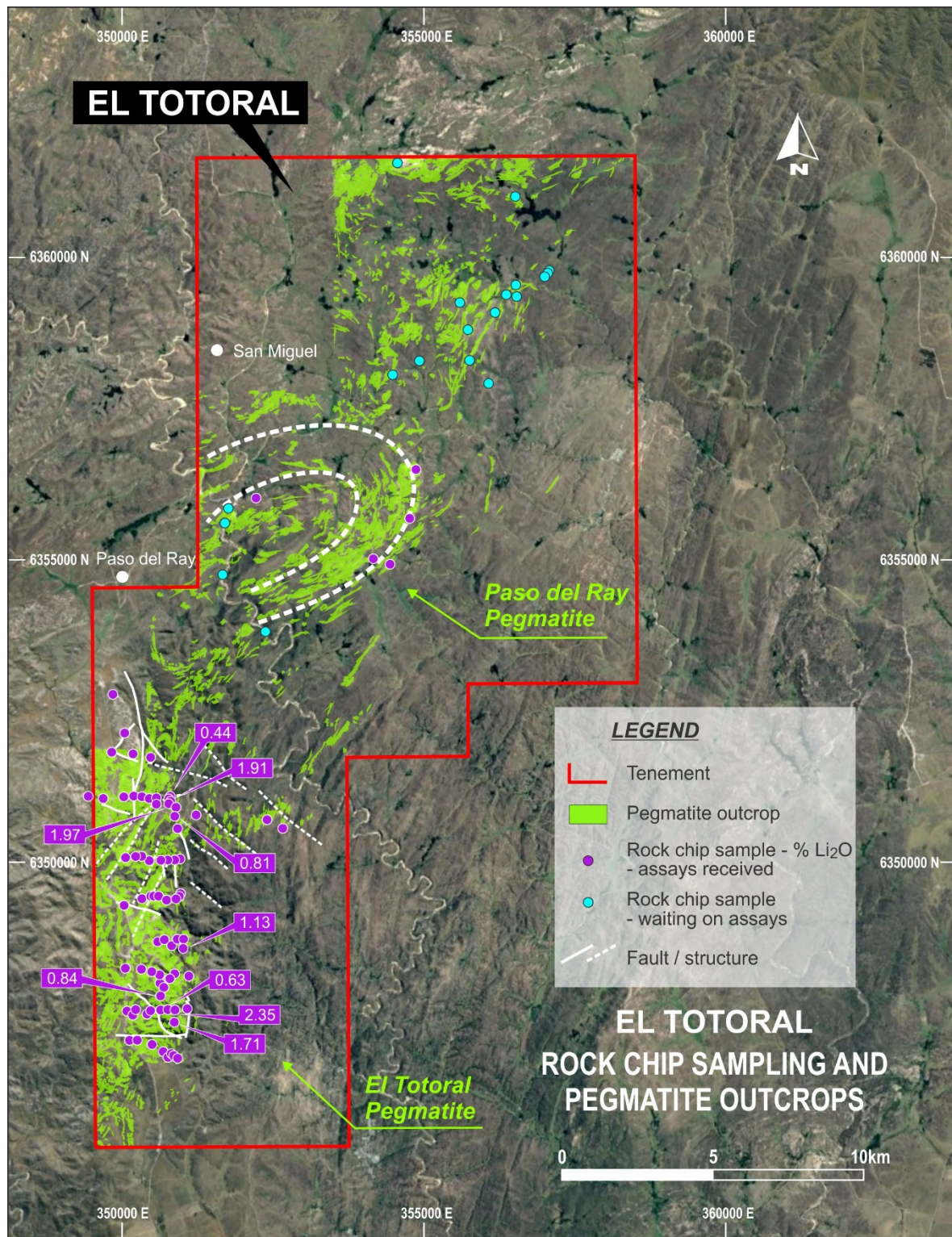


Figure 3 – Pegmatite bodies (green) and representative rock chip sampling points in the El Totoral lease in the San Luis province. Significant assay results (purple) from the El Totoral pegmatite. Paso del Ray circular pegmatite discovered in centre of lease.



## B. Argentinean Gold Projects

Dark Horse has a portfolio of gold prospective projects in Argentina, namely the Los Domos project and the PROAR suite of projects (refer **Figure 1**).

### Los Domos

The Los Domos gold project currently comprises three (3) lease areas. During the quarter detailed geological mapping, lag (soil) sampling and rock chip sampling was carried out at the La Punta project within the Los Domos lease in Santa Cruz province. The Company is waiting to receive the assay results of these samples, and will report the results once received.

A detailed geological map of the La Punta project at a scale of 1:5,000 is being advanced, identifying lithological units, structure and mineralization. The deposit shows strong indications of a mineralized rhyolitic dome - epithermal vein system. Photos of mineralized epithermal vein and breccia rocks are included as **Photos 3a & b**. Dark Horse plans to continue the mapping and sampling program through April 2018 to cover the complete Los Domos project area, where several other epithermal targets exist. Geophysical surveys of IP and resistivity over the most important targets are planned to follow this mapping work and will be completed during May 2018.

Geological evaluation work will be carried out over the winter period, which is expected to identify a number of drill targets for drilling commencement around September-October 2018.

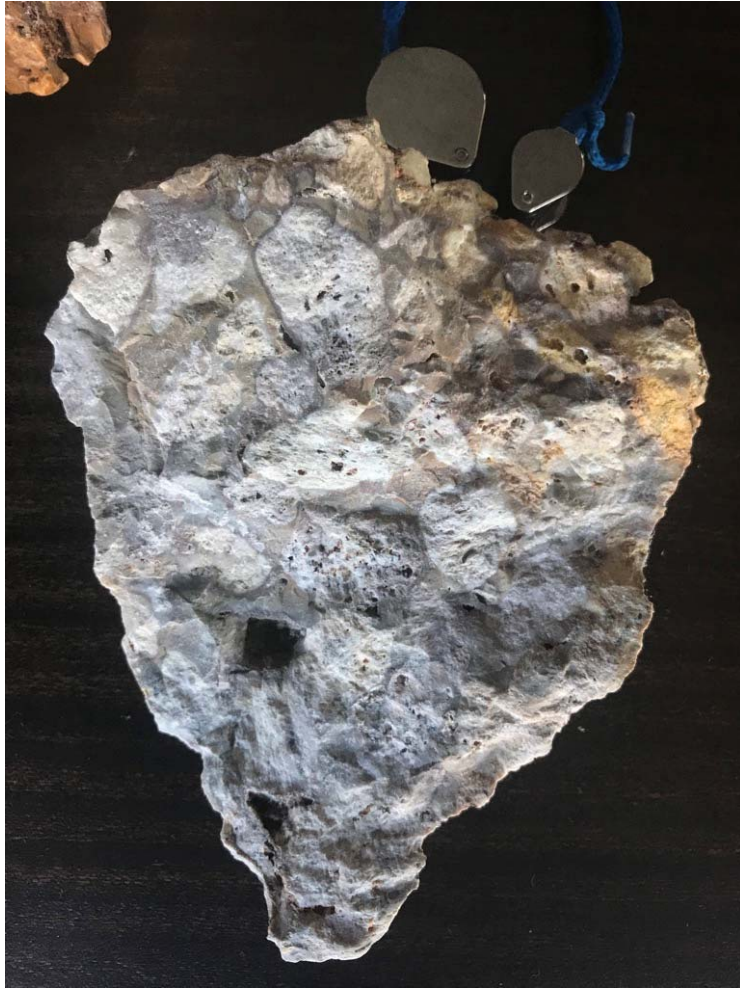
### PROAR Projects

During the previous 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. The PROAR properties include 23 leases covering 176,500ha in Santa Cruz province and 17 leases covering 142,000ha in Rio Negro province (refer **Figure 4**). The granted leases and the various applications pending are in the process of being transferred to Dark Horse's 100% Argentine subsidiary company Excarb SA.

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 (6) operating mines in the area, and also several advanced projects under exploration or construction.

Dark Horse previously commissioned a Prospectivity Matrix study to indicate Target Prospectivity for each of the leases. A valorization matrix was compiled 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 prospect and in the formulation and design of exploration programs for the various properties.

Based on the study results, 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.



**Photo 3a & b – Epithermal breccia (above) and vein (below) rock samples from the La Punta gold-silver prospect in the Los Domos lease in Santa Cruz province.**



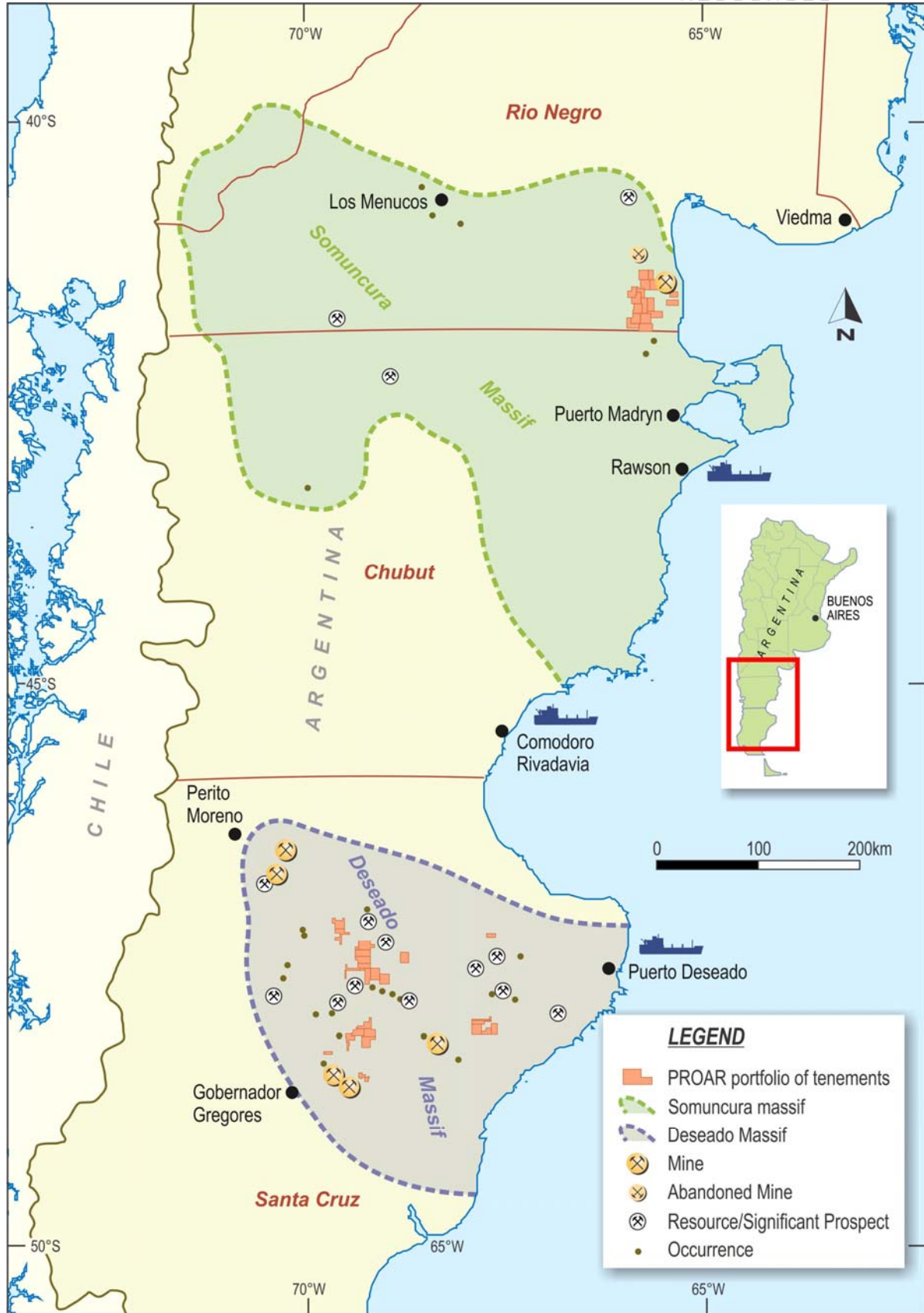


Figure 4: Location of PROAR tenements within Argentina

## C. Dark Horse Energy Holdings

Following on from the Company's previous announcement regarding the formation of a separate energy-focussed company (Dark Energy Holdings Pty Ltd), preliminary project scoping and conceptualisation work has been taking place in relation to potential project opportunities in Queensland, Victoria and Argentina.

This includes a number of potential gas fired generation projects for peaking power to compliment the growing number of renewable projects being developed on the east coast of Australia. With the introduction of the National Energy Guarantee there will be an urgent need for dispatchable generation capacity, particularly for electricity retailers who are not vertically integrated. Dark Horse sees a window of opportunity via its strong relationships with gas exploration companies to gain access to new gas resources and provide an alternative commercialisation opportunity via power generation.

Dark Horse Energy has appointed Boyd White as its Managing Director. Boyd has extensive experience in all aspects of power infrastructure and energy development. His career has spanned a number of international locations and senior management roles with leading oilfield services organisation Halliburton, global engineering and construction company KBR, and electricity generators Tarong Energy and Territory Generation.

Dark Horse Resources intends to provide initial funding of its energy subsidiary until it has raised its own investment capital to sustain ongoing project development. The Board of Dark Horse Energy will remain the same as Dark Horse Resources with the exception of Neil Stuart who will be replaced by Karl Schlobohm.

## D. Interest in Lakes Oil NL

Dark Horse Resources currently holds 9.2 billion ordinary shares (approx. 33%) and 40,000 unlisted, interest-bearing Convertible Notes (converting to ordinary shares on 31 May 2018) in ASX-listed Lakes Oil NL.

The hearing of Lakes Oil's legal proceedings against the Victorian State Government took place on 15 March 2018 in the Supreme Court of Victoria, and the parties are currently awaiting judgement. The focus of the hearing was to consider the contentions by Lakes Oil that:

- the variations made by the Victorian Minister's delegate to Lakes Oil's authorities in December 2017 were illegal; and
- the Victorian Petroleum Act, as amended in March 2017, specifically provides that exploration commitments under existing petroleum tenements are excluded from the Government's exploration moratorium.

Lakes Oil accordingly argued that the Victorian State Government cannot refuse to grant approvals for performance by Lakes Oil of its explicit commitments on the grounds that these commitments are prohibited by the moratorium.

Lakes Oil Chairman, Mr Chris Tonkin has said that "Lakes Oil looks forward to having this matter finalised so the Company can quickly resume exploration activity and, on the basis of independent expert advice, prove up reserves of has that can be very quickly brought on line to help ease the gas and electricity price burdens presently plaguing Victorian industry and households."



## E. New Project Opportunities

Given Mr Stuart's established Argentean project pedigree, and given the amount of time spent in-country by Managing Director, David Mason, Dark Horse Resources continues to receive multiple offers of project opportunities. These opportunities are reviewed by the Company's in-house geological team and the Board. The PROAR projects and the five (5) new lithium leases were secured by Dark Horse as a result of this process.

The Company is continuing to evaluate and consider suitable project opportunities that strengthen and / or compliment the Company's current project focus, and will provide updates to the market should any suitable arrangements be negotiated.

## CORPORATE ACTIVITIES

As announced on 1 March 2018, the Company's Managing Director Mr David Mason has transitioned into the role on a full-time basis. As has been the case to date, Mr Mason has agreed to continue to accrue his salary to preserve the Company's treasury for project related expenditures. The Non-Executive Directors, the Company Secretary and DGR Global have agreed to continue to do the same at this time. Directors can convert their fees under the Company's Director Fee Plan which has been in place for a number of years and was last approved by shareholder's at the Company's November 2017 AGM.

The loans previously made available to the Company by Mr Stuart, Mr Mason and DGR Global are intended to be repaid by way of share issue, subject to approval by shareholders at the Company's EGM to be convened on 6 April 2018.

## INTERESTS IN TENEMENTS

Refer Appendix A to this report.

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**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.



## 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

Dark Horse has relinquished all interests in this project.

##### 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.