DARK HORSE RESOURCES LIMITED
AND CONTROLLED ENTITIES

ACN: 068 958 752

HALF-YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED
31 DECEMBER 2018

Corporate Information

DIRECTORS
Nicholas Mather
Brian Moller
David Mason
Jason Beckton

COMPANY SECRETARY
Karl Schlobohm

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COUNTRY OF INCORPORATION
Australia

STOCK EXCHANGE LISTING
Australian Securities Exchange
ASX Code: DHR

INTERNET ADDRESS
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AUSTRALIAN BUSINESS NUMBER
ABN 79 068 958 752

Directors' Report

Your Directors present their report on the company and its controlled entities for the half-year ended 31 December 2018. Dark Horse Resources Limited ("Dark Horse Resources" or "the Company") is a public company limited by shares that is incorporated and domiciled in Australia.

DIRECTORS

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

Nicholas Mather (Non-Executive Chairman)
David Mason (Managing Director)
Brian Moller (Non-Executive Director)
Neil Stuart (Non-Executive Director) – resigned 31 October 2018
Jason Beckton (Non-Executive Director)

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

PRINCIPAL ACTIVITIES

Dark Horse Resources Ltd is a mineral resource company, with a particular focus on Argentina, where it has invested in lithium and gold projects, with objectives to:

- Control a provincial stake of lithium resources, mine spodumene and produce high grade Lithium Hydroxide for the domestic and international battery and electronic markets.
- Discover and define several multimillion ounce gold deposits and the production of gold dore¤.

Dark Horse also has a power generation subsidiary, Dark Horse Energy Holdings and a substantial holding (31%) in Australian-based and ASX-listed oil and gas exploration company Lakes Oil NL, which is currently in the midst of a friendly take-over of ASX-listed Rawson Oil & Gas Limited.

REVIEW AND RESULTS OF OPERATIONS

Summary

During the year the Company continued to explore its current large suite of lithium and gold projects and to review new project opportunities presented to it via various business and industry connections. Dark Horse's primary objectives are to:

- define substantial lithium resources, mine spodumene and brine, and produce high grade lithium products for the domestic and international battery and electronic markets; and
- discover and define several multimillion-ounce gold deposits.

The Board believes that it will be successful in the short to medium term in defining Company making projects for which it will add value through further exploration and resource definition, with commercialisation options to be reviewed on a case by case basis upon maiden resource definition.

Dark Horse's current major projects and investments, the status of which is outlined within the report, include:

- San Jorge Lithium Brine, Catamarca province;
- El Totoral Spodumene Lithium, San Luis province;
- Las Opeñas Gold, San Juan province;
- Cachi and Rosita Norte Gold, Santa Cruz province;
- Lakes Oil NL, Australia.

During the September quarter 2018 Dark Horse entered into an exclusivity agreement for the option to acquire up to 100% of the San Jorge Project in Catamarca province through a series of staged payments and annual exploration commitments. Dark Horse is carrying out the legal due diligence on the San Jorge Project and is finalising the Definitive Agreement with the vendor. Thirteen exploration licences of the total 15 have been successfully certified, and the remaining two require some additional time for the vendor to complete legal clearance. The parties have agreed to an extension to the due diligence period to allow sufficient time for this to occur, with conclusion expected during the coming months.

The Company has temporarily ceased field exploration throughout its large suite of exploration licences in San Luis whilst it awaits the San Luis Mining Authority to issue permits for drilling. The government situation in San Luis province has not changed and the Company awaits the San Luis Mining Authority to issue permits for drilling. Additionally, we understand the government is considering establishing an updated mining code as per other Argentine provinces. There are upcoming provincial government elections, which may slow the decision making for this project. Initial drill targets have been identified at the San Luis Mine pegmatite sequence within the El Totoral exploration lease, which shows abundant spodumene throughout.

Dark Horse is also cooperating with an Argentine mining and processing company who currently mine feldspar and quartz from pegmatites in the San Luis region for use in the local and export ceramics industries. The Argentinian mining company holds granted Mining Licence tenure to allow evaluation and development. The Company is seeking to utilise these licences a Cooperation Agreement being negotiated with the Argentinean company.

Dark Horse continues the surface exploration works across its portfolio of Santa Cruz gold projects. These have previously been referred to separately as Los Domos, Cachi and the DHR-PROAR group of tenements. The Company now refers to them collectively as the Santa Cruz gold projects because exploration is now advancing across the portfolio of the Company's tenements in the Santa Cruz province.

Detailed surface exploration continues in the Cachi and Rosita Norte tenements in the Santa Cruz province, which have both shown a high prospectivity for epithermal gold-silver mineralization. A ground magnetic geophysical program has been designed for Cachi and will be carried out over the next several months. Drill targets have been identified at Cachi to intersect the high-grade gold veins at near surface. The magnetic geophysics results will be combined with previous geophysical data to assist in planning for deeper drillholes. Environmental permitting has commenced for the Cachi drilling program, planned for spring 2019 (September).

A number of the DHR-PROAR leases have been determined to be of very low prospectivity from exploration work carried out to date and the Company will relinquish them and focus activities on those leases which are showing high prospectivity.

The Company has terminated its agreement with the vendor of the Los Domos gold project in Santa Cruz because the significant amount of surface exploration work carried out by Dark Horse concluded the potential rhyolitic breccia/epithermal target is at a depth not conducive to the Company's current resource objectives.

In January 2019, Dark Horse entered into an Exploration Agreement with Option to Purchase with Genesis Minerals (Argentina) SA to acquire up to 100% of the Las Opeñas Gold Project. All government permitting for drilling and other high intensity activities is already in place and a six hole drill program will commence in March 2019. This program will provide an initial test of the principle vein structures. The drilling will target high value rock chips on defined structures and provide information on grade, vein thickness and structural orientation. Additional drilling will be carried out depending on the results of these initial holes. Ongoing surface mapping has discovered additional veins at surface, which are being sampled for analysis.

During the six months to December 2018 the Las Tapias project was drilled, cored and assayed. On the basis of the initial exploration and mapping program, Las Tapias presented as being a highly prospective lithium spodumene pegmatite project being an existing mine/quarry with historical underground workings. Drilling was intended to confirm what was presented. However, the rich spodumene zone was not as extensive as predicted because of chemical and structural features of the pegmatite, and a large portion of the pegmatite ultimately proved to have low lithium grades. Work was halted and the Company has concluded discussions with the Las Tapias project owner to delay the terms of the Pampa Litio SA Exploration Agreement with Option-to-Purchase for a period of one year, whilst it works on its plans to increase spodumene resources to support a spodumene mining and processing operation.

Additionally, the Company continues to sponsor and support the initiatives of Dark Horse Energy Pty Ltd, as it progresses discussions in relation to various power generation opportunities.

Dark Horse's 31% holding in Lakes Oil NL is a passive investment, which we believe will ultimately create significant wealth for the Company. The Company does not presently intend to dispose of this holding.

A detailed summary of the Company's corporate and project developments for the year is set out below.

Corporate Developments

The Company successfully raised $4m by way of private placement in June 2018, together with a further $895,000 under the Share Purchase Plan run immediately thereafter.

The Company made a payment of $500,000 to Lakes Oil NL in February 2019 as part of a non-renounceable 1 for 5 Entitlement Offer to existing Lakes Oil shareholders.

The Company is exploring alternatives to raise funds to support ongoing and future operations.

Dark Horse Project Portfolio

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's current suite of Argentinean projects is shown in **Figure 1**.

Figure 1 - Location of Dark Horse's mineral projects in Argentina

A. Argentinean Lithium Projects

The Company holds an extensive portfolio of lithium spodumene projects in the provinces of San Luis and Cordoba shown in **Figure 2**, through an agreement to acquire Argentinian company, Pampa Litio SA. Dark Horse currently owns 25% of Pampa Litio SA. Whilst the Company awaits the San Luis Mining Authority to issue permits for drilling, an extension of time has been agreed between the parties before the next stage of obligations is met (payment of 20 million DHR shares to take the Company's holding to 45%).

Dark Horse also continues its due diligence on the San Jorge Project, a lithium brine property in the Catamarca province, Argentina with deal conclusion expected during the coming months.

The Company's long-term strategic objective with respect to lithium is to define large, high grade lithium brine and spodumene resources and produce high grade Lithium Carbonate and/or Hydroxide.

The short-term objective is to produce spodumene concentrate from the central Argentinean projects, possibly via modular on-site processing plant, creating early cash flow and introducing lithium products to the market. Dark Horse has a defined work program which includes resource definition, JORC Reporting and feasibility, culminating in mining and infrastructure development. Dark Horse is seeking a strategic partner to support and fund this work program. In return, the Company will provide a 100% lithium products offtake. 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.

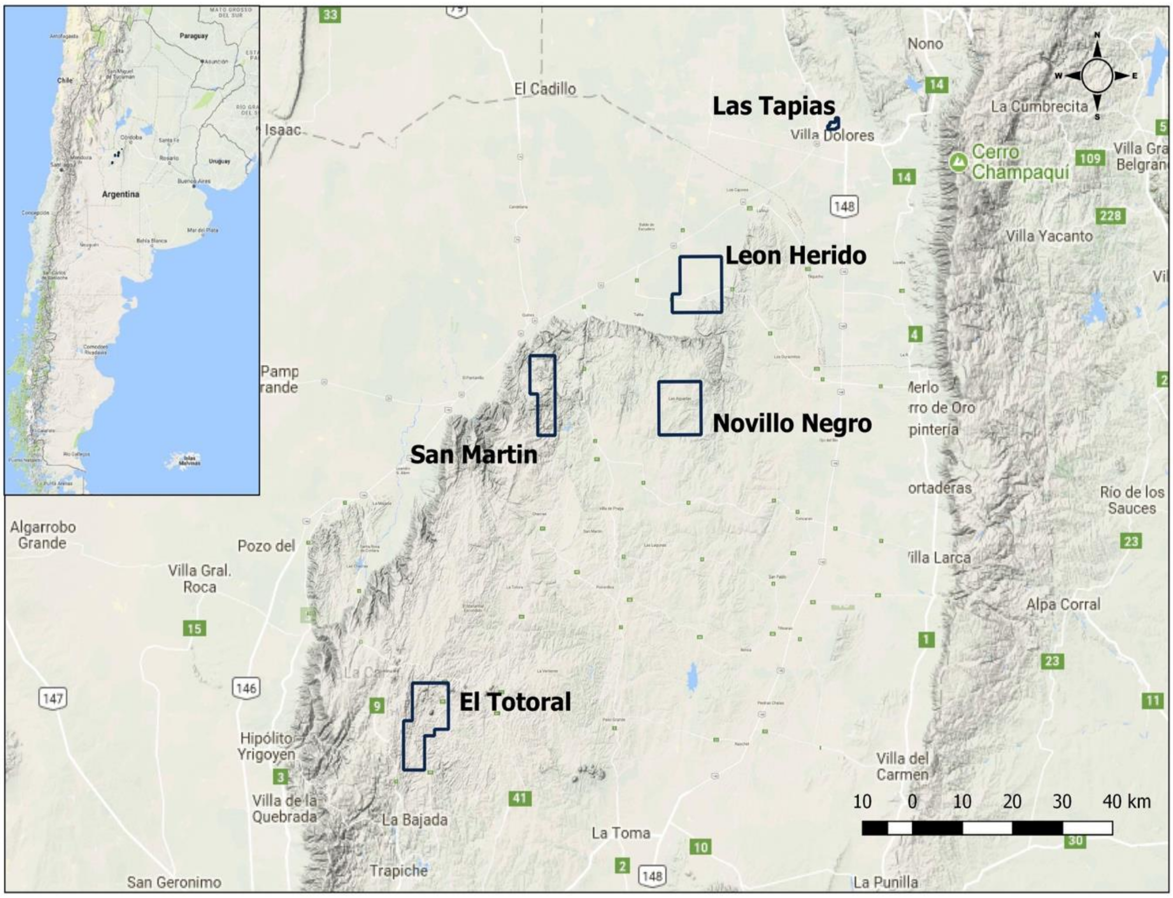

Figure 2 - Location of Dark Horse Spodumene Lithium projects in Argentina

San Luis Lithium Spodumene Projects
The Company has temporarily ceased field exploration throughout its large suite of exploration licences whilst it awaits the San Luis Mining Authority to issue permits for drilling. The latest communication with the Authority indicates this should occur during the first semester of 2019. The Company believes that it has satisfied all of the criteria for the granting of the permits.

Dark Horse's license areas in San Luis are El Totoral, San Martin, Novillo Negro and Leon Herido (**Figure 2**) with all holding swarms of pegmatites over large areas. El Totoral was identified early as a very prospective spodumene bearing pegmatite system and the Company has focused its exploration activities there (**Figures 3 and 4**). El Totoral has numerous parallel pegmatites throughout the lease, existing as swarms, which have been identified over a strike length of 6km. Exploration was initially carried out on a regional scale to test the pegmatites for the occurrence of spodumene, with areas of interest then targeted for detailed follow up work. East-west sections were 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.

This was followed by detailed geological mapping, trenching and sampling over the most prospective areas. The most significant results include:

- San Luis Mine area – **1.91%**, **1.97%. 0.81%** and **0.44%** Li2O
- Central area – **1.13%** Li2O
- Southern area – **2.35%**, **1.71**%, **0.84%**, **0.63%** Li2O

The assays also returned some high tantalum pentoxide (Ta2O5) values ranging up to 698 ppm.

The pegmatite bodies are mostly oriented north-south to northeast-southwest, and range in thickness up to 70m 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.

The historic San Luis Mine area is a prime focus for the Company where significant spodumene pegmatite development has been defined through surface exploration (**Figure 4**). This is the first area targeted for drilling.

Las Tapias Lithium Spodumene Project
On the basis of the initial exploration and mapping program, Las Tapias presented as being a highly prospective lithium spodumene pegmatite project being an existing mine/quarry with historical underground workings. Drilling was intended to confirm what was presented. However, the rich spodumene zone was not as extensive as predicted because of chemical and structural features of the pegmatite, and a large portion of the pegmatite ultimately proved to have low lithium grades. Whilst the drilling results were not as expected, the Company has learned a great deal about pegmatites and lithium bearing spodumene in this new hard rock province of Argentina, which will be a significant advantage going forward for our other larger and higher priority targets in San Luis province (as per the San Luis province projects including El Totoral as described above).

The Company has concluded discussions with the Las Tapias project owner to delay the terms of the Pampa Litio SA Exploration Agreement with Option-to-Purchase for a period of one year, whilst it works on its plans to increase spodumene resources to support a spodumene mining and processing operation. The Company is paying a minimal holding fee to the vendor of U$2,000 per month during this time (see ASX Announcement dated 9 October 2018).

Dark Horse is cooperating with an Argentine mining and processing company who currently mine feldspar and quartz from pegmatites in the region for use in the local and export ceramics industries. Under an Agreement being negotiated with the Argentinean company, Dark Horse will develop the spodumene in the mining licences for mining, processing and sale of spodumene products. The Argentinian mining company holds granted Mining Licence tenure to allow evaluation and development. Dark Horse would firstly carry out drilling and resource definition and some pre-feasibility, expected to take 3-4 months, and if satisfactory tonnage and grade is defined, operations could commence and Dark Horse would be in a position to sell spodumene products within 18-months. Dark Horse would assess the feasibility of the Las Tapias resources supplementing this future operation.

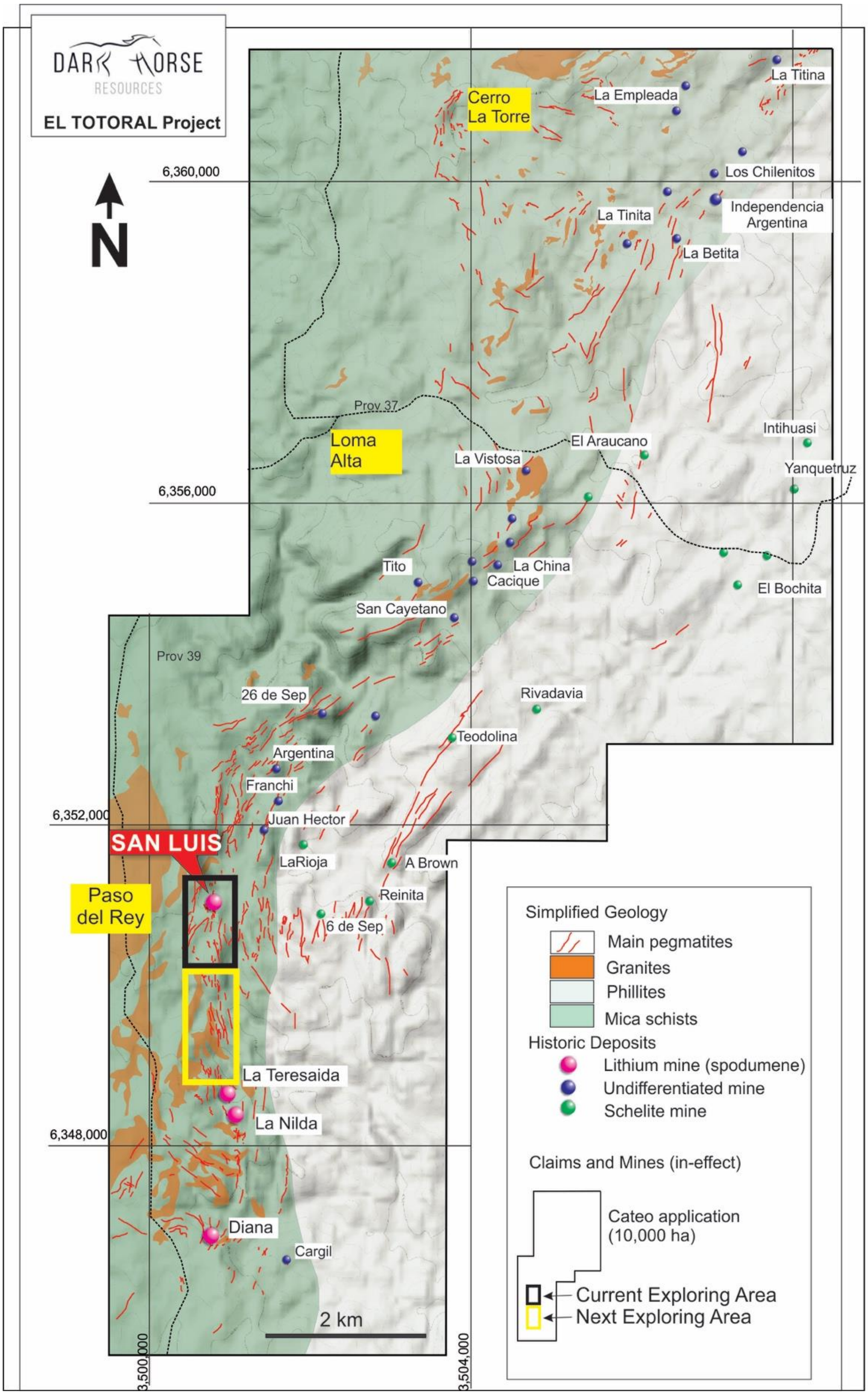

Figure 3 – Regional geological map showing the location of the El Totoral Exploration Licence in San Luis province including the area of detailed exploration around the historical San Luis Mine.

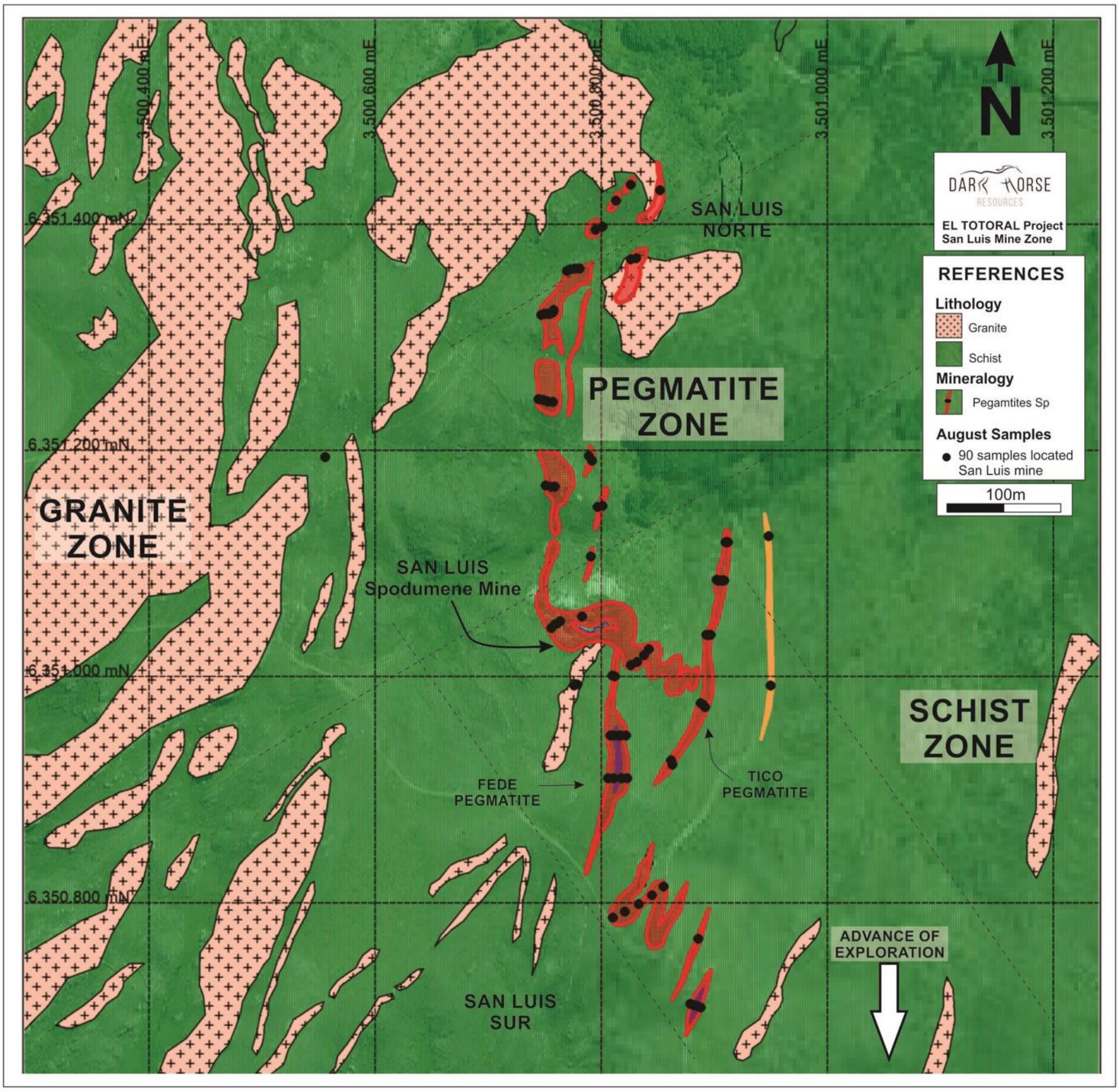

Figure 4 - Location map showing the location of the San Luis and other pegmatites in the El Totoral lease.

<u>San Jorge Lithium Brine Project</u>

During the September quarter (see ASX Announcement 5 September 2018) Dark Horse entered into an exclusivity agreement for the option to acquire up to 100% of the San Jorge Project in Catamarca province through a series of staged payments and annual exploration commitments. Dark Horse is carrying out the legal due diligence on the San Jorge Project and is finalising the Definitive Agreement with the vendor. Thirteen exploration licences of the total 15 have been successfully certified, and the remaining two require some additional time for the vendor to complete legal clearance. The parties have agreed to an extension to the due diligence period to allow sufficient time for this to occur, with conclusion expected during the coming months.

The San Jorge Project is a group of 15 Exploration Licences in Catamarca province, Argentina covering an area of 36,600 hectares over the San Francisco salt lake basin (**Figures 5 and 6**). The nucleus of the salar (San Francisco) is approximately 7,000 hectares in area and the project leases covers all of it except a small section in the north (**Figure 6** and **Photo 1**).

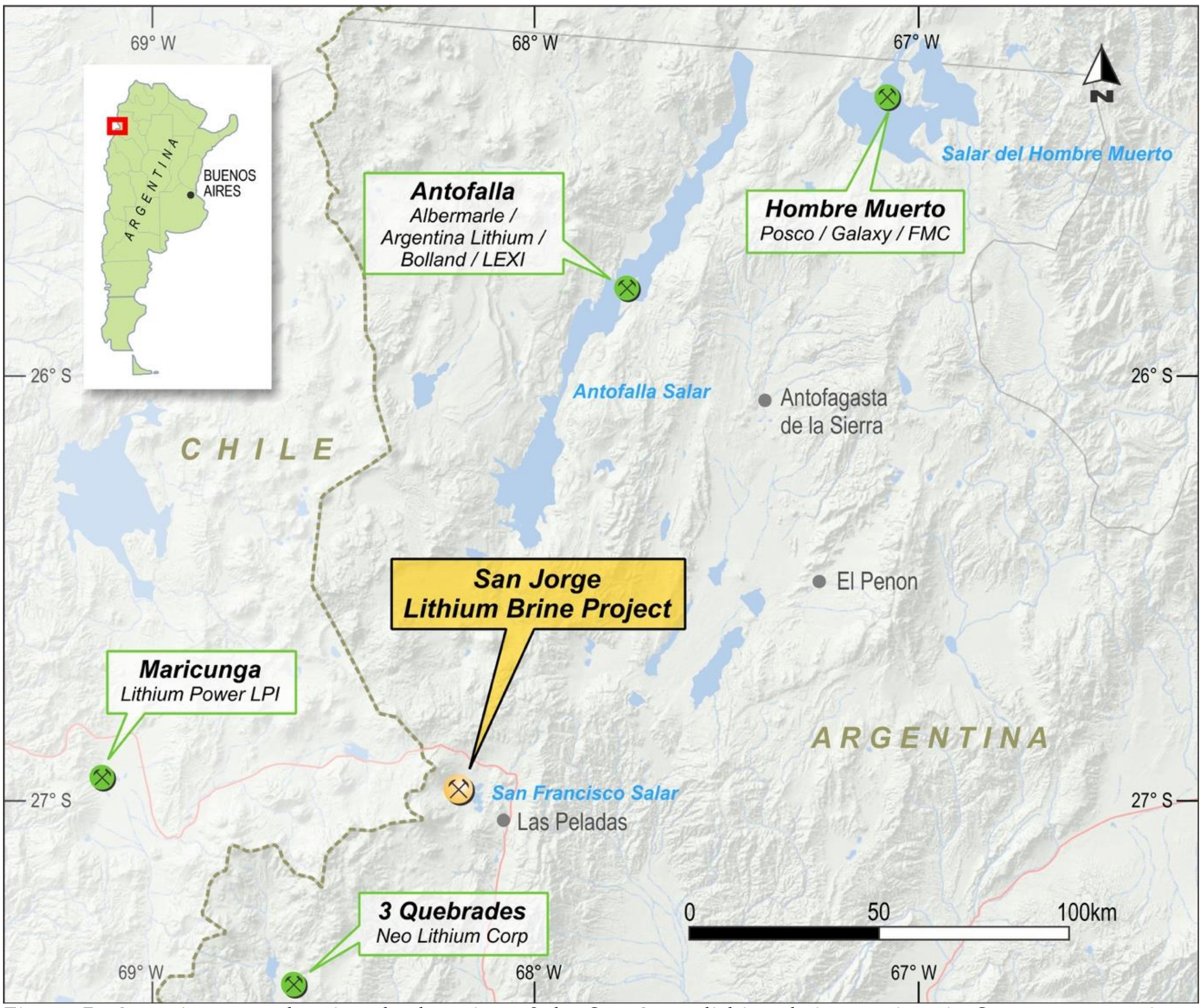

Figure 5 - Location map showing the location of the San Jorge lithium brine project in Catamarca province surrounded by other significant lithium brine projects.

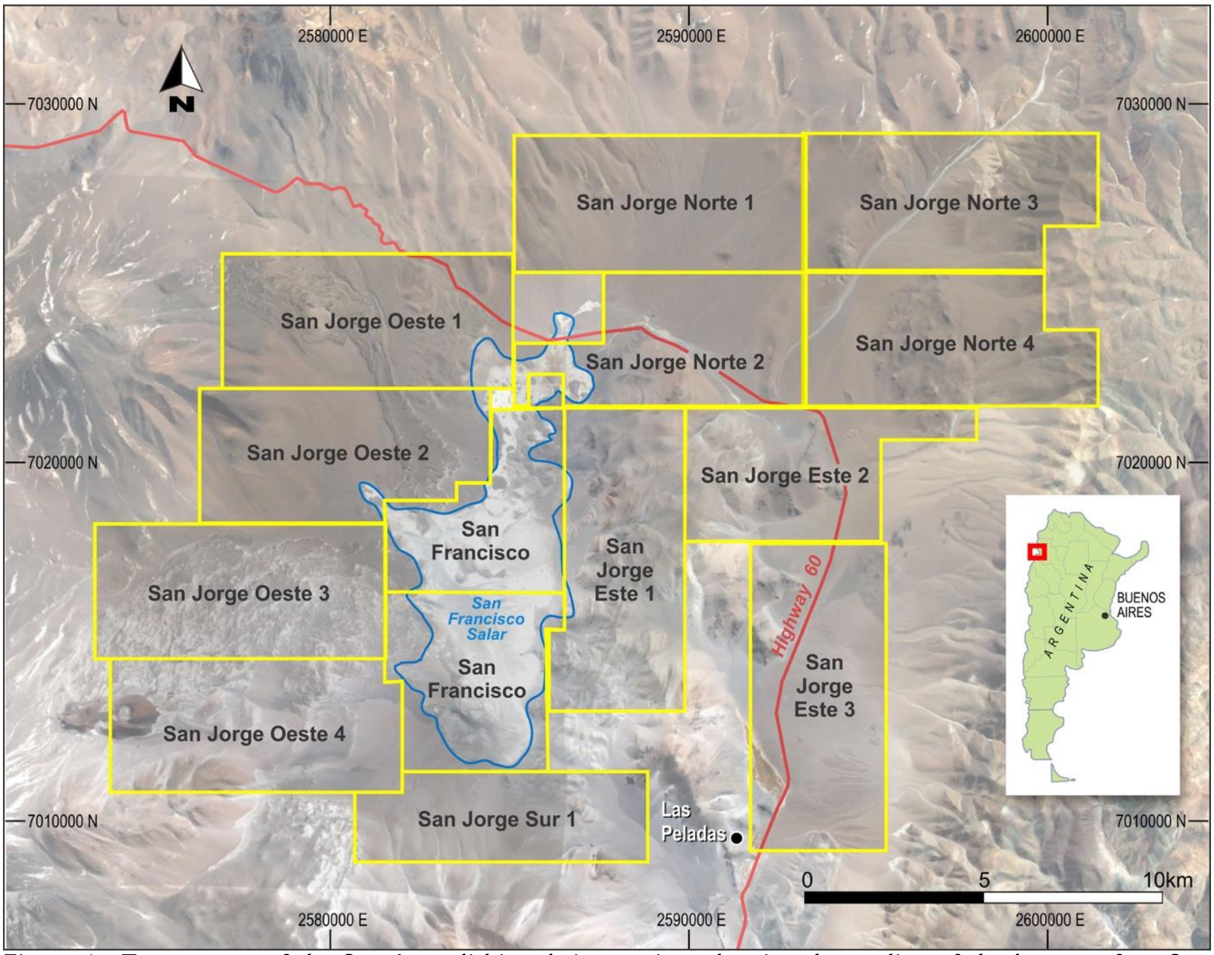

Figure 6 - Tenure map of the San Jorge lithium brine project showing the outline of the large surface San Francisco salar lake.

Photo 1: The San Francisco Salar at surface.

Catamarca province has been supportive of exploration and mining activities by foreign companies over many years including Xtrata's large Alumbrera gold-copper mine and Argentina's first lithium brine operation by FMC in the Hombre Muerto salar, which has been operating since 1992. Galaxy and Posco are currently exploring their portion of the Hombre Muerto salar, and Albemarle is exploring the Antofalla salar.

The San Jorge project is located close to the border with Chile near National Route 60, a fully paved highway connecting Argentina with Chile and providing the project with excellent logistics (**Figure 5**). The project is just under 500km by road northwest from the provincial capital city Catamarca, and 400km east from deep-water ports in Chile.

The project lies in the southern end of the "Lithium Triangle" in the Puna Plateau. The area is characterized by high altitude salt flats, many of which contain elevated lithium concentrations. Maricunga salar in Chile lies 90km to the west and 3Q salar in Catamarca 70km southwest, both salars containing some high concentrations of lithium (**Figure 5**). Lithium Power International, SQM and Codelco hold the majority of the Maricunga salar and Neo Lithium Corporation the 3Q salar. Antofalla salar lies 100km north and Hombre Muerto salar 200km northeast of San Francisco.

The San Francisco salar has yet to undergo detailed exploration. Some preliminary reconnaissance work carried out several years ago by academic institutions has provided some basic information about the geology and chemistry of the salar, indicating early promising signs about its lithium potential.

The project is at an elevation of approximately 4,000m. The climate allows operations all year round and is conducive to high solar radiation and low rainfall providing for acceptable evaporation rates, as per other operating salars in the region including Olaroz, Cauchari and Hombre Muerto.

B. Argentinean Gold Projects

Santa Cruz Gold Projects

Dark Horse continues the surface exploration works across its portfolio of Santa Cruz gold projects (**Figure 7**). These have previously been referred to separately as Los Domos, Cachi and the DHR-PROAR group of tenements. The Company now refers to them collectively as the Santa Cruz gold projects because exploration is now advancing across the portfolio of the Company's tenements in the Santa Cruz province.

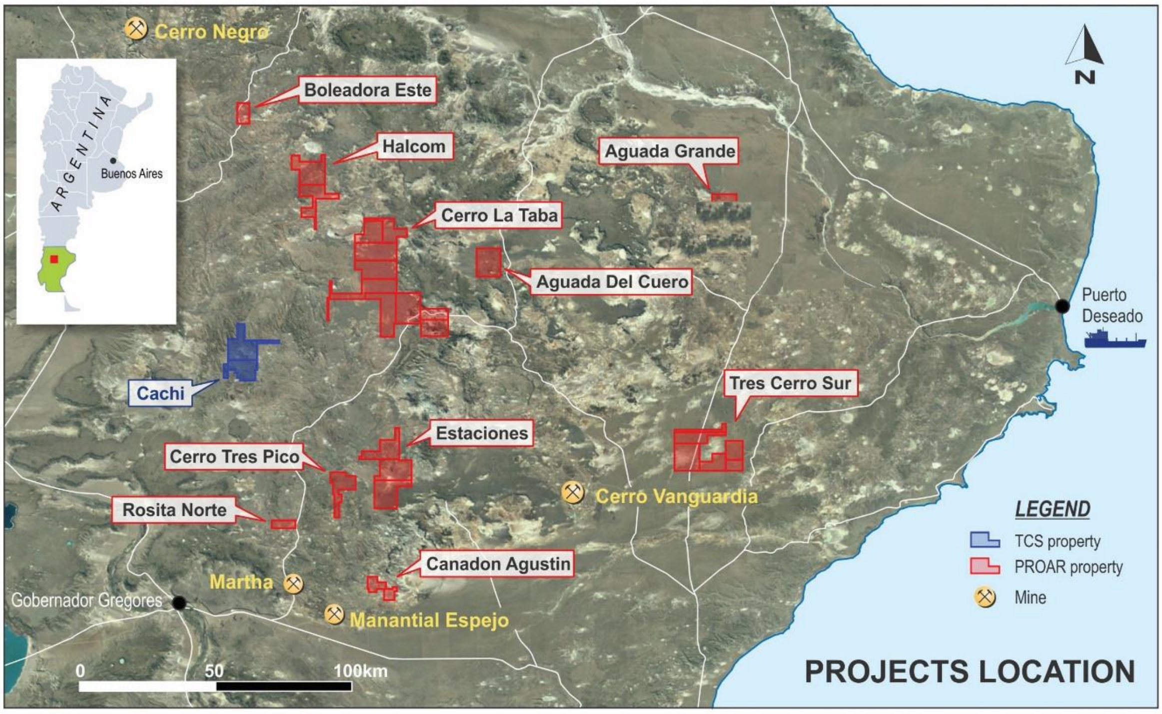

Figure 7 – Overview of Dark Horse properties in Santa Cruz

An additional 200 rock samples were collected by Dark Horse geologists across the Santa Cruz projects in November and December 2018. This brings the total number of reconnaissance samples collected this field season to 584. All samples have been assayed for a diverse suite of elements. The latest work completes reconnaissance sampling of green field targets identified by former workers and recent Landsat-8 imagery, and includes infill sampling at a number of prospects within the Cachi tenement - Vetas Cachi, Morena, Vetas NW, Cachi Centro, Los Bloques and Cachi Norte from south to north (**Figure 8**).

Gold (Au) grades vary up to a maximum of 3.8 g/t Au; 8 samples are in excess of 0.2 g/t Au and 4 greater than 0.5 g/t Au. Silver (Ag) grades vary up to a maximum of 68ppm Ag; 65 samples are in excess of 5ppm Ag and 16 greater than 20ppm Ag.

These results are statistically comparable to the 384 samples collected earlier in the 2018 field season and reported to the ASX on December 14, 2018 which displayed a data range up to 9.72 g/t Au and 226ppm Ag. In that release 19% of the gold samples were anomalous and 16% of the silver samples were anomalous.

Strong anomalism is also seen in arsenic and antimony. The arsenic (As) distribution contains 13 samples with values greater than 500ppm As and 1 sample in excess of 0.5% As. Antimony (Sb) has 5 samples in excess of 50ppm Sb.

Infill sampling at Vetas Cachi has confirmed previous assays and a new prospect has been identified and sampled at El Cruce with anomalous results (**Figure 8**).

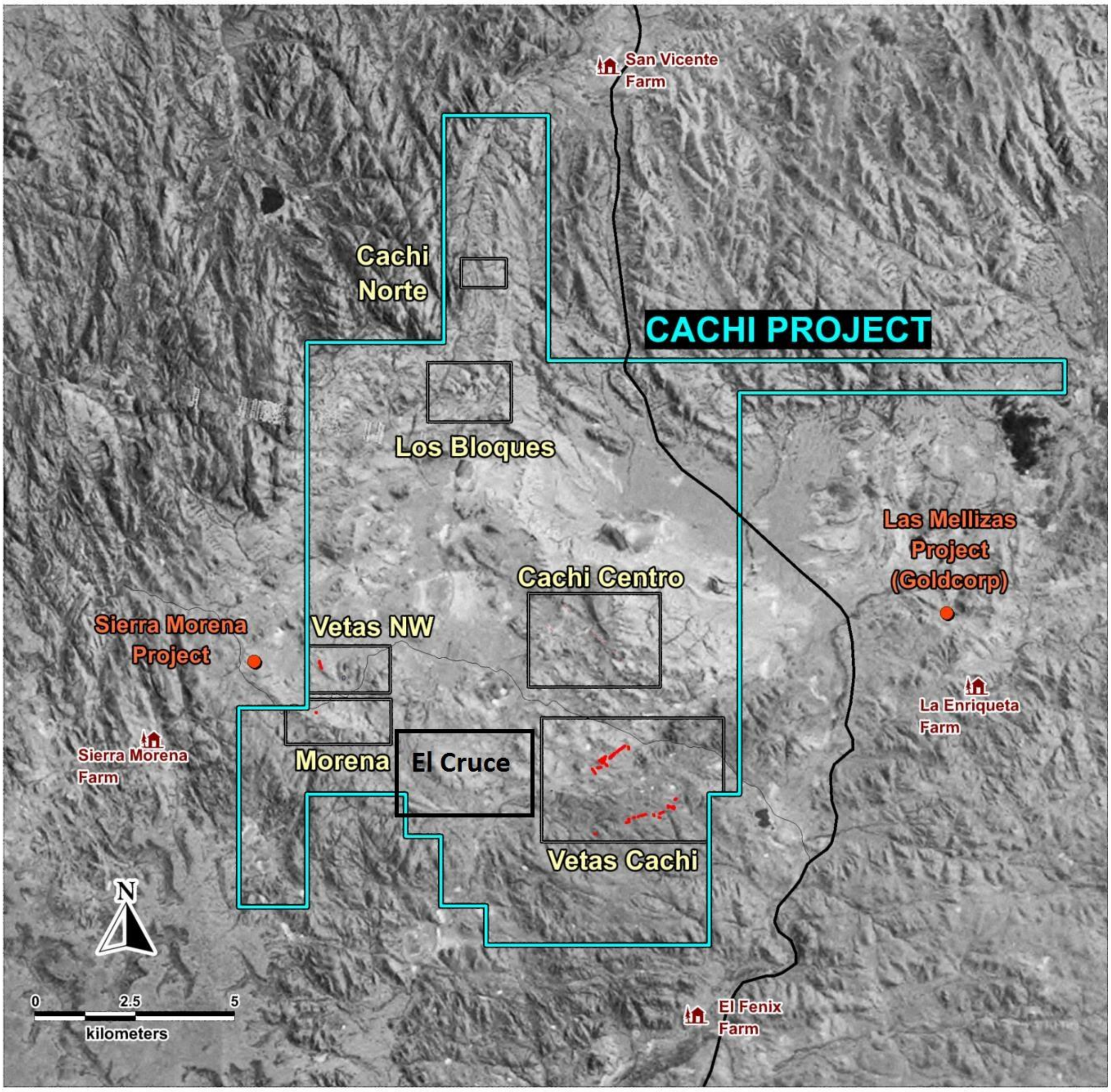

Figure 8 – The Cachi lease with the major target areas.

Dark Horse Director Jason Beckton visited the Cachi project with the senior Argentine geological team in early January (**refer Photo 2**) and during this trip **visible gold** was observed in several rock specimens. At Morena, iron sulphide/oxide breccia hosting visible gold (**Photo set 3**) occurs in subcrop along the downslope of a prominent ridge formed by silica replacement. This is a characteristic feature of a number of prominent epithermal systems (Cerro Moro, Slovakia, Palmarejo) where the mineralization occurs in a geomorphologically recessive zone caused by easily erodible sulphides parallel to a silica rich fault that has acted as a fluid barrier.


Photo 2: Dark Horse Director Jason Beckton with senior Argentine geologist Nicolas Stoessel at an outcropping epithermal quartz vein within the Cachi Project.


Photo 3: Visible Gold in Sulphide Breccia; Morena Prospect.

Regional reconnaissance work to date has confirmed the Cachi and Rosita Norte tenements as prospective for epithermal gold-silver mineralization. Other tenements in the Santa Cruz portfolio continue to be explored and evaluated.
Environmental permitting has commenced for the Cachi project to allow further testing by trenching and drilling planned for spring 2019 (September). The Company has terminated its agreement with the vendor of the Los Domos gold project in Santa Cruz because the significant amount of surface exploration work carried out by Dark Horse concluded the potential rhyolitic breccia/epithermal target is at a depth, and not conducive to the Company's current resource objectives.

Las Opeñas Gold Project
In January 2019, Dark Horse Resources entered into an Exploration Agreement with Option to Purchase with Genesis Minerals (Argentina) SA to acquire up to 100% of the Las Opeñas Gold Project in Argentina through a series of staged cash and share payments over 3.5 years, weighted towards the end of the period and earning equity progressively, totalling USD880,000 and 90 million Dark Horse shares (refer ASX Announcement dated 22 January 2019).

Figure 9: Location of the Las Opeñas Gold Project in the province of San Juan and other nearby significant gold projects (owned by third parties).

The Las Opeñas Gold Project is a 1,462ha lease located in the north-western region of San Juan Province, Argentina at an elevation of between 2,800m and 3,500m (**Figure 9**). The region is host to numerous third-party, multi-million-ounce epithermal style gold-silver deposits in the Andes Mountains including Veladero (12Moz), Pascua Lama (18Moz), Gualcamayo (2Moz) and Casposo (0.45Moz) in San Juan Province and El Indio (8Moz) in neighbouring Chile (refer **Figure 9**).

The Las Opeñas property was previously explored by Teck Resources Limited and Genesis Minerals Limited from 2005 through to 2014. A significant amount of exploration discovered two main, and different, target areas – a breccia target hosting a gold porphyry system in the south-west, and a vein target hosting an epithermal gold system in the central-west (refer **Figure 10)**. The breccia target only was drilled, with a total of 22 diamond holes completed during programs in 2012 and 2014 for a total meterage of 3,899m.

Dark Horse has focussed its initial interest on the epithermal gold system where gold-silver mineralization occurs in high grade veins, vein breccias and stockwork zones, principally in a granite. These quartz vein systems have not been drill tested. In outcrop, individual veins are in the order of 0.1m to 0.5m in width, with continuous strike extents up to 500m however, they can be traced discontinuously for up to 1km. There are 6 major mineralized vein sets, each composed of multiple en echelon veins. The vein sets have average widths of 30m to 50m and a cumulative strike length of 6km. The mineralized veins can contain pyrite, arsenopyrite, chalcopyrite and galena and are geochemically anomalous in As-Bi-Mo-W-Sn-Te, target elements of gold-silver mineralisation systems.

The extensive historical rockchip sampling of the veins undertaken by Teck has highlighted the high grade nature of the mineralization. Of the 165 samples with gold grades in excess of 0.5g/t, 75 have grades greater than 2g/t Au and 22 samples are in excess of 10g/t Au. Similarly, for the 220 samples that assay greater than 10g/t Ag, 58 have values in excess of 100g/t Ag and 5 greater than 500g/t Ag. The maximum gold grade is 183.5g/t Au and the maximum silver grade 6,789g/t Ag.

The Las Opeñas property is underlain by a granodiorite batholith of Lower Permian age which has intruded Carboniferous aged clastic sediments of the Cerro Agua Negra Formation creating a contact metamorphic aureole of quartzites and pelites. The property lies at the intersection of two major regional structures which have interacted to form a structural dilation into which has intruded a younger dacitic dome and breccia complex (a high level porphyry) surrounded by a mineralized quartz vein swarm (an epithermal system) that displays a rotating strike from EW through to NE-SW (**Figure 10**). The Las Opeñas deposit is believed to be an intermediate sulphidation epithermal system occurring in an Oligocene back-arc extension environment.

The Breccia Target in the southwest of the prospect occurs in an up-faulted block and consists of a dacite flow dome cut by hydrothermal and phreatomagmatic breccias. This target has been tested by 22 diamond holes for a total meterage of 3,899m. Broad zones of 1-2% lead-zinc mineralization were intersected in the breccias overprinted by structurally controlled gold-silver veins. Dark Horse will re-evaluate the geological data for this target and advance exploration to determine whether it has the potential to be a significant gold porphyry system, complimenting the epithermal gold system.

Dark Horse Director Jason Beckton visited the project with the senior Argentine geological team in early January (**refer Photo 4**).

Photo 4: Dark Horse Director Jason Beckton visiting the Las Opeñas Gold Project in the province of San Juan to plan the upcoming drilling program.

Dark Horse has undertaken preliminary technical and legal due diligence work on the Las Opeñas Project over the past three months which has allowed it to design an aggressive exploration program. An initial six hole drill program will commence as soon as a Reverse Circulation rig can be mobilized to site. This program will provide an initial test of the principle vein structures (**Table 1, Figure 10**). The drilling will target high value rock chips on defined structures and provide information on grade, vein thickness and structural orientation.

Contractual negotiations with an Argentine drilling company are in progress and a rig is expected to be on site and drilling during the first quarter of 2019 as all government permitting for drilling and other high intensity activities is already in place.

Table 1 Summary of Planned Drilling Parameters

ID_Planned	Easting	Northing	Elevation	Azimuth	Dip	Depth
DH_1	2466592	6705750	3237	180	-50	100
DH_2	2466481	6705732	3262	180	-50	100
DH_3	2466435	6705738	3274	150	-50	100
DH_4	2466263	6705658	3331	10	-50	100
DH_5	2466755	6705547	3279	180	-50	100
DH_6	2466371	6705539	3337	45	-50	100

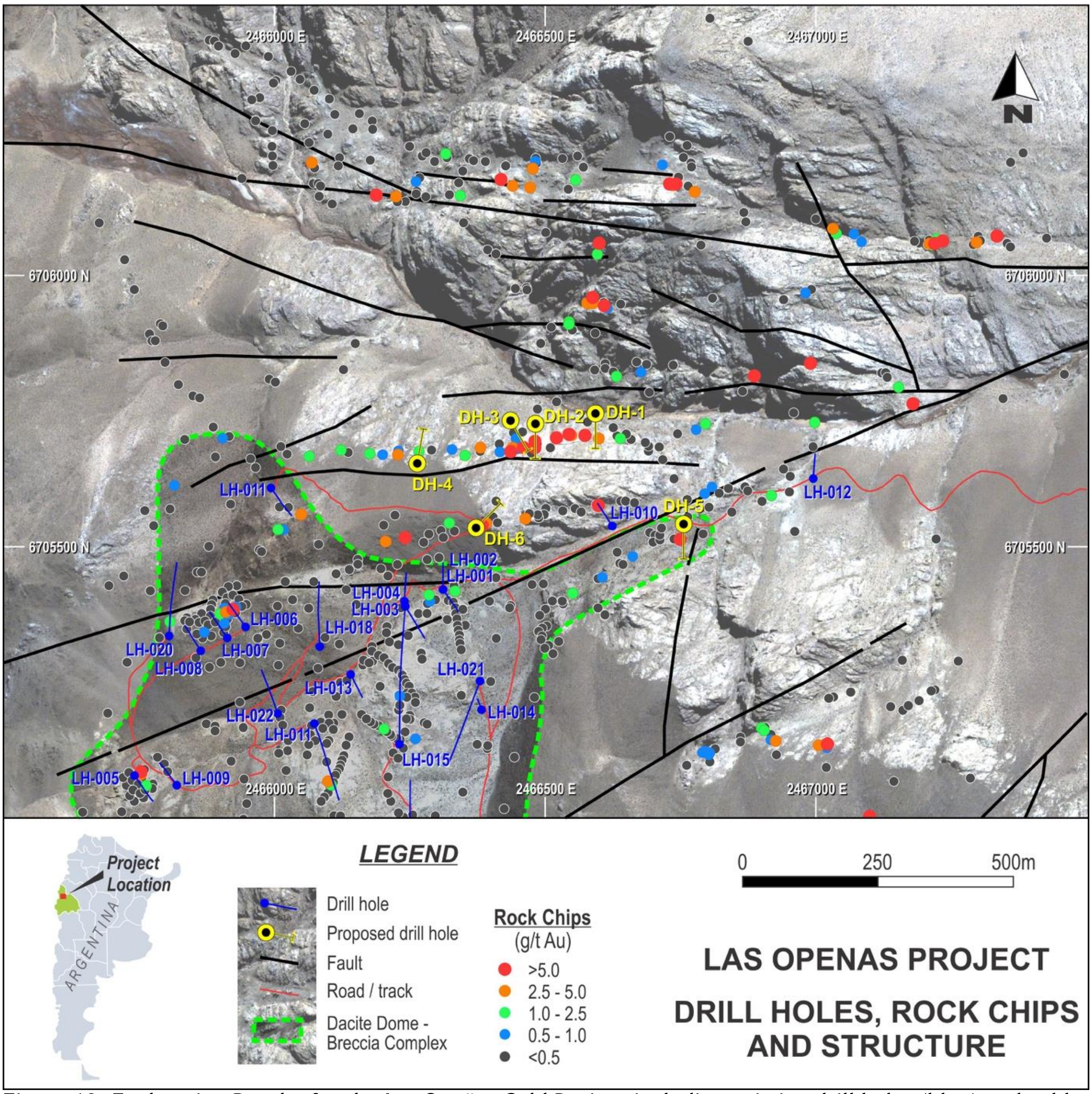

Figure 10: Exploration Results for the Las Opeñas Gold Project including existing drill holes (blue) and gold grades (multi-coloured dots). The gold porphyry system is in the lower left and marked in yellow, and the epithermal gold system in the upper middle part of the figure. Dark Horse's planned new drill holes (yellow and black) are also shown.

C. Dark Horse Energy Holdings

During the quarter Dark Horse Energy Holdings (DHE) made a highly conditional commercial in confidence offer to invest in a concentrated solar power business. This offer was declined and DHE will not continue negotiations on that investment in the near term.

DHR continues to look at thermal power and renewable energy power opportunities in Australia, Argentina and other parts of the world.

D. Interest in Lakes Oil NL

In February 2019, Dark Horse contributed $500,000 to ASX-listed Lakes Oil NL entitlement issue.

As a result, the Company now holds a total of 10.1 billion ordinary shares (approx. 31%) in Lakes Oil.

Lakes Oil is now intending to make preparatory arrangements for the drilling of the Nangwarry-1 well in South Australia. The well is expected to be spudded in May 2019.

The drilling of the Nangwarry-1 well is expected to be a significant event for Lakes Oil given the size of the Nagwarry prospect and the fact that it is geographically similar to the Victorian acreage owned by Lakes Oil, the drilling of which should be made possible by mid-2020 when the Victorian Government's present on-shore gas drilling ban expires.

E. New Project Opportunities

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 Cachi Gold Project, the PROAR projects, five (5) new hard rock lithium leases, the recent San Jorge Project and Las Opeñas Gold Project 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.

Competent Persons Statement

The information herein that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Jason Beckton, who is a member of The Australian Institute of Geoscientists. Mr Jason Beckton is a Director of Dark Horse Resources Ltd.

Mr Beckton has more than five years' experience which is relevant to the style of mineralisation and types of deposits 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.

EVENTS AFTER THE HALF YEARLY FINANCIAL PERIOD

There have been no events since the end of the half year that impact the financial report as at 31 December 2018.

AUDITOR'S INDEPENDENCE DECLARATION

The Directors received an independence declaration from the auditor of Dark Horse Resources Limited. This is attached on page 23 of this report.

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

DJ Mason

David Mason
Managing Director and CEO

Brisbane
15 March 2019

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DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF DARK HORSE RESOURCES LIMITED

As lead auditor for the review of Dark Horse Resources Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

R M Swaby

Director

BDO Audit Pty Ltd

Brisbane, 15 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2018

	Notes	31 December 2018 A$	31 December 2017 A$
Other Income	3	**11,122**	**21,086**
Employee benefits expense		(51,191)	(54,811)
Employee benefits expense – share based payments	10(e)	(6,000)	(489,247)
Exploration costs written-off	8	-	(214,073)
Legal expense		(54,490)	(9,263)
Administration and consulting expense		(743,192)	(639,088)
Finance costs		(836)	(30,736)
Share of associate losses	7	(834,846)	(377,196)
Loss before income tax	3	**(1,679,433)**	**(1,793,328)**
Income tax expense		-	-
Loss for the period	4	**(1,679,433)**	**(1,793,328)**
Other comprehensive income			
Exchange differences on translation of foreign operations		(301,282)	-
Net fair value losses on financial assets at fair value through other comprehensive income		(249,417)	-
Total comprehensive income for the period		**(2,230,132)**	**(1,793,328)**

	Notes	2018 Cents	2017 cents
Basic and diluted loss per ordinary share			
- basic and diluted loss per ordinary share (cents per share)	4	(0.1)	(0.1)

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

Consolidated Statement of Financial Position
at 31 December 2018

	Notes	31 December 2018 A$	30 June 2018 A$
Assets			
Current assets			
Cash and cash equivalents	5	2,161,816	4,281,099
Trade and other receivables		380,219	383,214
Total current assets		**2,542,035**	**4,664,313**
Non-current assets			
Other financial assets	6	58,351	307,768
Investments accounted for using the equity method	7	7,488,820	8,323,666
Exploration and evaluation assets	8	2,470,238	1,433,886
Total non-current assets		**10,017,409**	**10,065,320**
Total assets		**12,559,444**	**14,729,633**
Current liabilities			
Trade and other payables		256,673	509,763
Total current liabilities		**256,673**	**509,763**
Non-current liabilities			
Deferred tax liability		1,931	1,931
Total non-current liabilities		**1,931**	**1,931**
Total liabilities		**258,604**	**511,694**
Net assets		**12,300,840**	**14,217,939**
Equity			
Issued capital	9	28,508,436	28,201,403
Reserves		96,599	641,298
Accumulated losses		(16,304,195)	(14,624,762)
Total equity		**12,300,840**	**14,217,939**

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

Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2018

	Issued capital $	Accumulated losses $	Share based Payments Reserve $	Financial Assets Reserve $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2017	**18,774,762**	**(10,588,573)**	**900,888**	**-**	**-**	**9,087,077**
Net loss for the period	-	(1,793,328)	-	-	-	(1,793,328)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	(1,793,328)	-	-	-	(1,793,328)
Transactions with owners in their capacity as owners						
Shares issued during the period	3,322,771	-	-	-	-	3,322,771
Share issue costs	(133,965)	-	-	-	-	(133,965)
Options expense recognised during the period	-	-	489,247	-	-	489,247
Balance at 31 December 2017	**21,963,568**	**(12,381,901)**	**1,390,135**	**-**	**-**	**10,971,802**
Net loss for the period	-	(2,242,861)	-	-	-	(2,242,861)
Other comprehensive income	-	-	-	-	(826,136)	(826,136)
Total comprehensive income for the period	-	(2,242,861)	-	-	(826,136)	(3,068,997)
Transactions with owners in their capacity as owners		-	-	-	-	
Shares issued during the period	6,483,896	-	-	-	-	6,483,896
Share issue costs	(246,061)	-	-	-	-	(246,061)
Options expense recognised during the period	-	-	77,299	-	-	77,299
Balance at 30 June 2018	**28,201,403**	**(14,624,762)**	**1,467,434**	**-**	**(826,136)**	**14,217,939**
Net loss for the period	-	(1,679,433)	-	-	-	(1,679,433)
Other comprehensive income	-	-	-	(249,417)	(301,282)	(550,699)
Total comprehensive income for the period	-	(1,679,433)	-	(249,417)	(301,282)	(2,230,132)
Transactions with owners in their capacity as owners						
Shares issued during the period	319,306	-	-	-	-	319,306
Share issue costs	(12,273)	-	-	-	-	(12,273)
Options expense recognised during the period	-	-	6,000	-	-	6,000
Balance at 31 December 2018	**28,508,436**	**(16,304,195)**	**1,473,434**	**(249,417)**	**(1,127,418)**	**12,300,840**

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

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2018

	Notes	31 December 2018 A$	31 December 2017 A$
Cash flows from operating activities			
Payments to suppliers and employees		(858,151)	(513,986)
Interest received	3	11,122	21,086
Net cash outflow from operating activities		**(847,029)**	**(492,900)**
Cash flows from investing activities			
Payments to acquire investments		-	-
Deposit for assets held for sale		-	-
Payments for exploration and evaluation		(1,259,980)	(777,778)
Net cash outflow from investing activities		**(1,259,980)**	**(777,778)**
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		-	2,330,000
Payment of share issue costs		(12,274)	(91,759)
Loans from related parties		-	470,465
Net cash inflow from financing activities		**(12,274)**	**2,708,706**
Net increase / (decrease) in cash and cash equivalents		**(2,119,283)**	**1,438,028**
Cash and cash equivalents at beginning of period		4,281,099	294,709
Cash and cash equivalents at end of period	5	**2,161,816**	**1,732,737**

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

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate information

The financial report of Dark Horse Resources Limited (the "Company") for the half year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 15 March 2019. Dark Horse Resources Limited is a public company limited by shares that is incorporated and domiciled in Australia.

Basis of preparation

This general purpose financial report for the half-year ended 31 December 2018 has been prepared in accordance with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report. Accordingly, this half year financial report is to be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Except as set out below the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

AASB 9 Financial Instruments – Impact of adoption

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

(i) Classification and measurement

On 1 July 2018, the group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate AASB 9 categories. The main effects resulting from this reclassification are as follows:

	Amortised cost $	Fair value through other comprehensive income $
Financial assets – 30 June 2018		
- Cash and cash equivalents	4,281,099	-
- Trade and other receivables	383,214	-
- Other financial assets (investment in Pampa Litio S.A.)	264,905	-
- Other financial assets (security deposits)	42,863	-
Reclassify investment in Pampa Litio S.A., an unlisted private company incorporated in Argentina from 'held-to-maturity investment' under AASB 139 to 'fair value through OCI financial asset'	(264,905)	264,905
Opening balance – 1 July 2018	$4,707,176	264,905

(ii) Impairment of financial assets

The group does not have any financial asset that is subject to AASB 9's new expected credit loss model. Therefore, adoption of AASB 9 does not have any impact on the group's financial statements.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, management has determined the impairment loss to be immaterial.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

AASB 9 Financial Instruments – Impact of adoption (continued)

(iii) New accounting policy from 1 July 2018

Classification

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

AASB 9 Financial Instruments – Impact of adoption (continued)

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables (once the group starts generating revenue), the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

AASB 15 Revenue from Contracts with Customers – Impact of adoption

There is no impact of adopting AASB 15 as the group is still at exploration stage and has not generated revenue during the financial year.

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of ordinary business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the half-year ended 31 December 2018, the Group generated a consolidated loss of $1,679,433 and incurred operating cash outflows of $847,029. As at 31 December 2018 the Group had cash and cash equivalents of $2,161,816, net current assets of $2,285,362 and net assets of $12,300,840.

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

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

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

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

Notwithstanding the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis after having regard to the fact that the Group is currently reviewing a number of strategic and funding opportunities of which the terms and conditions are in the process of being finalised.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Group not be able to achieve the matters set out above and thus be able to continue as a going concern.

NOTE 2 SEGMENT INFORMATION

Dark Horse Resources Limited operates predominantly in one business being in the mining industry, and two geographic locations, being Australia and the Americas. No sales revenue from this activity has been earned to date as Dark Horse Resources Limited is still in the exploration and evaluation stage. There is no difference in the basis of segmentation to those disclosed in the annual financial statements for year ended 30 June 2018.

Geographical Location	Australia		Americas		Eliminations		Total	
	31 December		31 December		31 December		31 December	
	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Other Income	11,122	21,086	-	-	-	-	11,122	21,086
Operating result	(1,679,973)	(1,581,074)	540	(212,254)	-	-	(1,679,433)	(1,793,328)

Geographical Location	Australia		Americas		Eliminations*		Total	
	31 December 2018 $	30 June 2018 $	31 December 2018 $	30 June 2018 $	31 December 2018 $	30 June 2018 $	31 December 2018 $	30 June 2018 $
Total assets	16,655,842	18,862,260	3,216,376	1,691,414	(7,312,774)	(5,824,041)	12,559,444	14,729,633
Total liabilities	378,047	492,852	7,193,332	5,842,883	(7,312,774)	(5,824,041)	258,604	511,694

*These eliminations relate to intercompany loans.

Segment asset increases for the period

Geographical Location	Australia		Americas		Eliminations		Total	
	31 December 2018 $	30 June 2018 $	31 December 2018 $	30 June 2018 $	31 December 2018 $	30 June 2018 $	31 December 2018 $	30 June 2018 $
Exploration and evaluation assets	-	3,840,183	1,036,352	(640,895)	-	-	1,036,352	3,199,288

Notes to the Consolidated Financial Statements

	31 December 2018 A$	31 December 2017 A$
NOTE 3 OTHER INCOME AND EXPENSES		
Included in the profit / (loss) are the following revenues and expenses:		
Interest income – external parties	11,122	21,086
	11,122	**21,086**
Management fees	150,000	150,000
Director fees (including Managing Director)	241,663	172,500
Regulatory and compliance expenses	65,241	70,058
NOTE 4 EARNINGS PER SHARE		
Earnings in cents per ordinary share:		
Basic loss per share – cents	(0.1)	(0.1)
Diluted loss per share - cents	(0.1)	(0.1)
Net loss used in calculating basic and diluted loss per share	(1,679,433)	(1,793,328)
	Number	**Number**
Weighted average number of ordinary share used in the calculation of basic estimated diluted loss per share	1,942,353,018	1,339,735,611

Options are not considered dilutive as they are currently out of the money. Options may become dilutive in the future.

	31 December 2018 A$	30 June 2018 A$
NOTE 5 CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	2,161,816	4,281,099
	2,161,816	**4,281,099**

Notes to the Consolidated Financial Statements

	31 December 2018 A$	30 June 2018 A$
NOTE 6 OTHER FINANCIAL ASSETS		
Investment in unlisted equity instrument through other comprehensive income at fair value (previously at cost)	264,905	264,905
Fair value movement through other comprehensive income	(249,417)	-
Security deposits	42,863	42,863
	58,351	**307,768**

Investment in unlisted equity instrument comprises an investment in the ordinary issued capital of Pampa Litio S.A. (formerly Oronegro S.A.), an unlisted private company incorporated in Argentina that holds exploration permits in Argentina.

NOTE 7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Country of incorporation and principle place of business	Principle Activity	Shares	Ownership Interest		Carrying Amount	
				31 December 2018 %	30 June 2018 %	31 December 2018 $	30 June 2018 $
Lakes Oil NL	Australia	Oil & Gas Exploration	ORD	31%	34%	7,488,820	8,323,666

(A) Movements during the year in equity accounted investments	31 December 2018 $	30 June 2018 $
Balance at beginning of the year	8,323,666	8,607,250
Investments during the year	-	-
Conversion of convertible notes	-	400,000
Share of associates losses after income tax	(834,846)	(683,584)
Balance at end of the year	**7,488,820**	**8,323,666**

Notes to the Consolidated Financial Statements

NOTE 7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	31 December 2018 $	30 June 2018 $
(B) Fair value of investment in associates with published price quotations		
Lakes Oil NL (level 1 of fair value hierarchy)	**14,463,071**	**19,284,095**
(C) Reconciliation of equity accounted investments' net assets to the carrying amount		
Share of net assets of associate	4,536,570	4,489,608
Goodwill	5,141,837	5,188,799
Share of associate losses	(2,189,587)	(1,354,741)
	7,488,820	**8,323,666**

NOTE 8 EXPLORATION AND EVALUATION ASSETS

Carrying amount at the beginning of the period	1,433,886	1,038,392
Additions	1,036,352	1,424,677
Disposals	-	-
Written-off during the year	-	(1,029,183)
Carrying amount at the end of the period	**2,470,238**	**1,433,886**

The recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

Notes to the Consolidated Financial Statements

	31 December 2018 A$	30 June 2018 A$
NOTE 9 ISSUED CAPITAL		
a) Issued capital		
1,976,086,621 (30 June 2018: 1,922,868,954) ordinary shares fully paid up	30,233,699	29,914,393
Share issue costs	(1,725,263)	(1,712,990)
	28,508,436	**28,201,403**

	31 December 2018 No. of Shares	30 June 2018 No. of Shares
b) Movement in ordinary shares		
At the beginning of the reporting period	1,922,868,954	1,279,780,881
Shares issued during the period	53,217,667	643,088,073
At reporting date	**1,976,086,621**	**1,922,868,954**

	No. of Shares	A$
c) Movement in number of ordinary shares on issue		
Shares at 1 July 2017	1,279,780,881	20,107,725
- 5 October 2017 (1)	15,000,000	105,000
- 6 October 2017 (2)	17,517,891	122,625
- 30 October 2017 (3)	8,143,250	65,146
- 8 November 2017 (4)	6,000,000	60,000
- 10 November 2017 (5)	16,250,000	130,000
- 27 November 2017 (6)	6,000,000	60,000
- 6 December 2017 (7)	250,000,000	2,750,000
- 11 December 2017 (8)	2,727,273	30,000
- 19 April 2018 (9)	72,984,793	1,567,563
- 4 June 2018 (10)	203,714,866	4,021,333
- 21 June 2018 (11)	44,750,000	895,000
- 25 October 2018 (12)	53,217,667	319,306
Shares at 31 December 2018	**1,976,086,621**	**30,233,699**

Notes to the Consolidated Financial Statements

NOTE 9 ISSUED CAPITAL (CONTINUED)

(1) On 5 October 2017, 15,000,000 ordinary shares $0.007 were issued as consideration for the stage 2 payment of the purchase of Pampa Litio S.A. (formerly Oronegro S.A.).
(2) On 6 October 2017, 17,517,891 ordinary shares $0.007 were issued. Of this total, 14,285,714 were issued as consideration for the stage 1 payment of the purchase of PROAR and 3,232,177 were issued for partial satisfaction of outstanding Company Secretary fees.
(3) On 30 October 2017, 8,143,250 ordinary shares $0.008 were issued for payment for drilling services rendered in Argentina.
(4) On 8 November 2017, 6,000,000 ordinary shares $0.01 were issued for cash for the exercise of Director options.
(5) On 10 November 2017, 16,250,000 ordinary shares $0.008 were issued as part of vendor payment arrangements for the stepped acquisition of the Las Tapias Mine via Pampa Litio S.A. (formerly Oronegro S.A.).
(6) On 27 November 2017, 6,000,000 ordinary shares $0.01 were issued for cash for the exercise of Director options.
(7) On 6 December 2017, 250,000,000 ordinary shares $0.011 were issued as part of a private placement. Of this total 210,909,091 were issued for cash and 39,090,909 were issued as partial satisfaction of outstanding Director fees pursuant to the Director Fee Plan.
(8) On 11 December 2017, 2,727,273 ordinary shares $0.011 were issued as satisfaction of outstanding broker fees in connection with the private placement on 6 December 2017.
(9) On 19 April 2018, 72,984,793 $0.021 ordinary shares were issued. Of this total 63,189,000 shares were issued as partial satisfaction of loans outstanding to DGR Global Ltd, Neil Stuart and David Mason as approved at EGM of 6 April 2018, 5,412,525 shares were issued for partial satisfaction of outstanding Director fees under the Director Fee plan and 4,383,268 shares were issued as payment of Company Secretary and Commercial Executive fees.
(10) On 4 June 2018, 203,714,866 $0.02 ordinary shares were issued. Of this total 202,714,866 shares were issued for cash pursuant to a private placement and 1,000,000 shares were issued as part of payment arrangements for an additional licence acquisition from Tres Cerros SRL.
(11) On 22 June 2018, 44,750,000 $0.02 ordinary shares were issued for cash pursuant to the Company's share purchase plan.
(12) On 25 October 2018, 53,217,667 $0.006 ordinary shares were issued. Of this total 23,217,667 shares were issued as partial satisfaction of outstanding Director fees under the Director Fee plan and 30,000,000 shares were issued for the stage 2 payment of the purchase of PROAR.

(d) Options

As at 31 December 2018, there were 58,750,000 unissued ordinary shares of Dark Horse Resources Ltd under option, held as follows:

Options on issue in Dark Horse Resources Ltd	Number	Exercise price	Expiry
Unlisted employee options	25,750,000	$0.02	7 November 2019
Unlisted Director options	28,000,000	$0.02	27 November 2019
Unlisted employee options	5,000,000	$0.04	12 February 2020

Notes to the Consolidated Financial Statements

NOTE 10 SHARE BASED PAYMENTS

(a) Recognised share-based payments

The amount recognised for share based payments during the period is shown in the table below:

	31 December 2018 $	31 December 2017 $
Expense arising from equity settled share-based payment transactions included in share based payments expense	6,000	489,247

(b) Types of share-based payment plans

Director & Employee share option plan (ESOP)
Share options are granted to employees and Directors. The employee and Director share option plan is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. There are no vesting conditions attached to the options granted under the ESOP.

When a participant ceases employment or Directorship prior to the vesting of their share options, the share options are forfeited after 90 days unless cessation of employment or Directorship is due to termination for cause or death, whereupon they are forfeited immediately. The Company prohibits KMP from entering into arrangements to protect the value of unvested ESOP awards.

The contractual life of each option granted may be up to three (3) years. There are no cash settlement alternatives. Each option can be exercised from vesting date to expiry date for one share with the exercise price payable in cash.

(c) Summaries of options granted

The following table illustrates the number (no.) and weighted average exercise prices (WAEP) of, and movements in, share options granted during the year:

	31 December 2018 No.	**31 December 2018 WAEP**	**30 June 2018 No.**	**30 June 2018 WAEP**
Outstanding at the beginning of the period	54,750,000	$0.022	46,000,000	$0.01
Granted during the period	4,000,000	$0.02	54,750,000	$0.022
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	(12,000,000)	$0.01
Expired during the period	-	-	(34,000,000)	$0.01
Outstanding at the end of the period	58,750,000	$0.022	54,750,000	$0.022
Exercisable at the end of the period	58,750,000	$0.022	54,750,000	$0.022

There were 58,750,000 options outstanding at 31 December 2018 and 54,750,000 options outstanding at 30 June 2018. The weighted average exercise price of options outstanding at the end of the period was $0.022 (30 June 2018: $0.022). The weighted average remaining life of the option was 0.9 years (30 June 2018: 1.40 years).

(d) Summary of performance shares granted

There were no performance shares issued during the period (30 June 2018: nil)

Notes to the Consolidated Financial Statements

NOTE 10 SHARE BASED PAYMENTS (CONTINUED)

(e) Option pricing model

The fair value of the equity settled share options granted is estimated using a Black-Scholes options pricing model taking into account the terms and conditions upon which the instruments were granted.

The fair value of the options granted during the period were calculated using the Black-Scholes option pricing model applying the following inputs:

	Director Options
Exercise price	$0.02
Life of options	1.01 years
Underlying share price	$0.006
Expected share price volatility	142.2%
Risk free interest rate	2.04%
Number of options issued	4,000,000
Value (Black-Scholes) per option	$0.0015
Total value of options issued	$6,000

Expected share price volatility is calculated based on historical share price volatility.

NOTE 11 COMMITMENTS AND CONTINGENT LIABILITIES

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

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

Notes to the Consolidated Financial Statements

NOTE 12 FINANCIAL INSTRUMENTS

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

NOTE 13 EVENTS AFTER REPORTING DATE

There have been no events since the end of the half year that impact the financial report as at 31 December 2018.

Director's Declaration

The Directors of the Company declare that:

1. The attached financial report and notes, is in accordance with the *Corporations Act 2001* including:

    (i) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

    (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

David Mason
Managing Director

Brisbane
Date: 15 March 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dark Horse Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Dark Horse Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty relating to going concern

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

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

BDO Audit Pty Ltd

BDO

R M Swaby

Director

Brisbane, 15 March 2019