



## Quarterly Activities Report for the Period Ended 31 March 2020

### DARK HORSE RESOURCES LTD

**ASX Code: DHR**

**Shares on Issue**  
2.48 billion

**Market Capitalisation**  
A\$5m (at A\$0.002 per share)

**Directors**

Nick Mather (Non-Executive Chairman)  
David Mason (Managing Director)  
Brian Moller (Non-Executive Director)  
Jason Beckton (Non-Executive Director)

**Company Secretary**  
Karl Schlobohm

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### HIGHLIGHTS

#### GENERAL

- Dark Horse is set to expand its horizons, and is currently evaluating opportunities in precious and critical metals in alternative geographic jurisdictions to complement its Argentine Gold Projects.

#### ARGENTINE GOLD

- Dark Horse remains focussed on advancing the potentially high-grade Cachi and Las Opeñas Gold Projects in Argentina toward discovery, and the subsequent definition of JORC standard resources. As previously reported, both projects indicate the potential for very large epithermal precious metals systems.
- Red Cloud Financial Services Inc has been engaged for 2020 as a financial advisor in support of soliciting interest, structuring and seeking funding, particularly in seeking Joint Venture partners for the for Cachi and Las Opeñas Gold Projects, who will co-fund their development.

#### LAKES OIL

- The Company will continue to maintain the majority of its 30% investment in LKO until such time as LKO has been relisted and has commenced the realisation of the underlying value of its large portfolio of oil and gas prospects.
- The Company has received an injection of \$200,000 cash through the sale of a small parcel of its LKO shares at a premium price of 0.15 cents per share.

#### COVID-19 AND COST REDUCTIONS

- Dark Horse has reduced corporate overheads, Directors' fees and senior management remuneration by 20% for 6 months, in conjunction with its existing implemented strategy of minimising operating expenditure throughout the Company.

## REVIEW OF PROJECTS AND ACTIVITIES

The Board of Dark Horse Resources Ltd (**the Company, Dark Horse, ASX:DHR**) is pleased to provide a summary of the Company's activities for the quarter ending 31 March 2020, and outline its modified strategic direction for 2020.

Commenting on the results for the quarter and the revised strategy, the Company's Managing Director David Mason said:

*"During the quarter Dark Horse concentrated on the implementation of the new corporate strategy announced in January 2020, to reposition itself to meet current Australian and international market expectations and seek out new precious metal and critical mineral resource opportunities in Australia, North America and Europe to complement the Argentine Gold Projects.*

*The Company remains focussed on developing the potentially high-grade Cachi and Las Opeñas Gold Projects in Argentina, and has engaged the services of Red Cloud Financial Services throughout 2020 to help in securing funds for the planned drilling of each property, through various capital raising transactions including equity and debt fund raising, Joint Venture opportunities and/or alternative financing facilities.*

*In light of the current COVID-19 pandemic the Company has introduced additional cost cutting strategies in reducing Directors and senior management remuneration by 20% and will continue to accrue or issue DHR shares in lieu of some of these expenses.*

*A small parcel of DHR's Lakes Oil NL (LKO) shares has been purchased by former Non-Executive Director and major shareholder Neil Stuart, and Managing Director David Mason, to provide a cash injection of \$200,000, at a premium of 50% on the price at which Dark Horse acquired the LKO shares. The Company will continue to maintain its 29.7% investment in LKO until such time as LKO has been relisted and realised the underlying value of its large portfolio of oil and gas prospects."*

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:

- Chairman Nicholas Mather has a wealth of experience and has been instrumental in the creation of resource companies with a special area of expertise in the entry of undervalued or unrecognised resource exploration opportunities, adding value and creating wealth for shareholders. He is currently CEO of DGR Global which holds interests in IronRidge Resources, Aus Tin Mining, Armour Energy and SolGold plc, for which he is also CEO. He was formerly involved in Arrow Energy, Waratah Coal, Bow Energy and Orbis Gold.
- Managing Director David Mason has a broad corporate, management and mining background achieved through working in the exploration and mining industry for 40 years throughout Australia, New Zealand, South East Asia, East Africa and South America. David has been responsible for the discovery and resource definition of a number of resource projects worldwide which have been funded and developed into successful mines.
- Jason Beckton is a Non-Executive Director and adds significant technical and commercial expertise to the Company achieved by over 25 years of geological and corporate experience throughout Australia, the Americas, China and Europe. He is currently the CEO of Prospech Limited, an unlisted Australian public company with gold projects in Europe.
- Brian Moller rounds off the Board composition. He is a corporate partner in the Brisbane based law firm Hopgood Ganim and acts for many publicly listed resource and industrial companies. Brian holds several board positions on publicly listed companies, and brings a wealth of experience and expertise to the board particularly in the corporate regulatory and governance areas.

This Quarterly Report describes the Company's current strategy, activities and interests including:

- A. Revised Strategic Overview for 2020
- B. Argentinean Gold Projects
- C. Interest in ASX-listed Lakes Oil NL



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

## A. Revised Strategic Overview for 2020

As Dark Horse announced in January 2020, the Company is expanding its horizons commencing early 2020 through:

- Acquiring additional precious metals and critical mineral properties in alternative geographic jurisdictions;
- Sourcing new funding facilities in line with the Company's budget requirements; and
- Rationalising the Company's current project portfolio.

Dark Horse remains focussed on developing the potentially high-grade Cachi and Las Opeñas Gold Projects in Argentina, and looks to seek further opportunities in precious and critical metals in high demand.

The Company will seek to complement its Argentine Gold Projects with opportunities under consideration in Australia, North America and Europe, including Gold, Copper, Nickel-Cobalt and Platinum Group Metals. These high-in-demand minerals in strategic locations have been selected after careful analysis, to seize the opportunities presented in the current appetite of the market. Several suites of properties have been identified that have suitable geology and mineralisation types to allow the definition of commercial-scale resources. These properties are in jurisdictions where a number of major companies have an aggressive exploration presence. The Company will inform the market if it is successful in securing one of these opportunities.

One of the Company's priorities is to seek funding for the drilling of high potential Argentine Gold projects and has engaged the services of Red Cloud Financial Services throughout 2020 to help in securing funds for the planned drilling of each property, through various capital raising transactions including equity and debt fund raising, Joint Venture opportunities and/or alternative financing facilities.

## B. Argentinean Gold Projects

Dark Horse holds interests in two highly mineralised Gold properties in Argentina – the Las Opeñas Gold Project in the San Juan province and the Cachi Gold Project in the Santa Cruz province (see **Figure 1**), both mining friendly jurisdictions. The Company has been working in advancing both of these projects over the past several years with drilling the next major step in this process for both projects, as each have the potential to hold commercial-grade Gold deposits.

In order to progress the drilling Dark Horse has engaged North American firm Red Cloud Financial Services Inc (Red Cloud) as a financial advisor for the purposes of soliciting interest, structuring and providing financial advice to the Company. This specifically relates to supporting the development of Dark Horse's Argentine Gold projects through various capital raising transactions including equity and debt fund raising, Joint Venture opportunities and/or alternative financing facilities.

Dark Horse is in current discussions and has executed Confidentiality Agreements with several large, and smaller, international mining companies who are carrying out due diligence on the Argentine Gold projects with an intention of a potential earn-in transaction. An outcome on these arrangements is expected over the next few months.

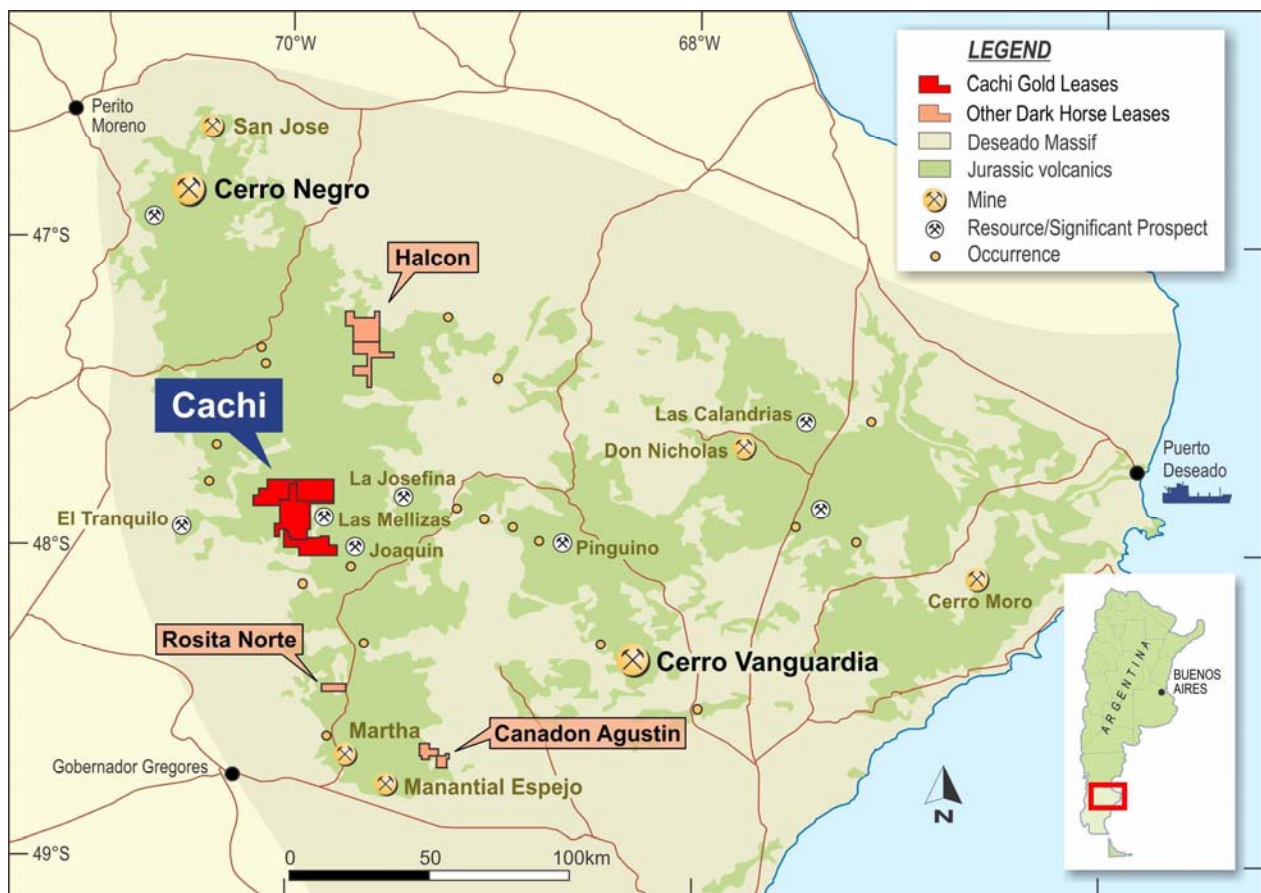
### Cachi Gold Project

Dark Horse Resources has several Gold properties in the Santa Cruz province of Argentina including Cachi, Halcon, Rosita Norte and Canadon Agustin (refer locations on **Figure 2**). The exploration of these properties is primarily in search of near surface epithermal vein systems. Across these properties the **Cachi Gold Project** is currently the most advanced and major target of Dark Horse.

The Cachi Gold Project is a 46,892ha lease package located in the central-western region of Santa Cruz Province, Argentina, about 90 km north of the city of Gobernador Gregores and about 40 km west of National Route N°12.

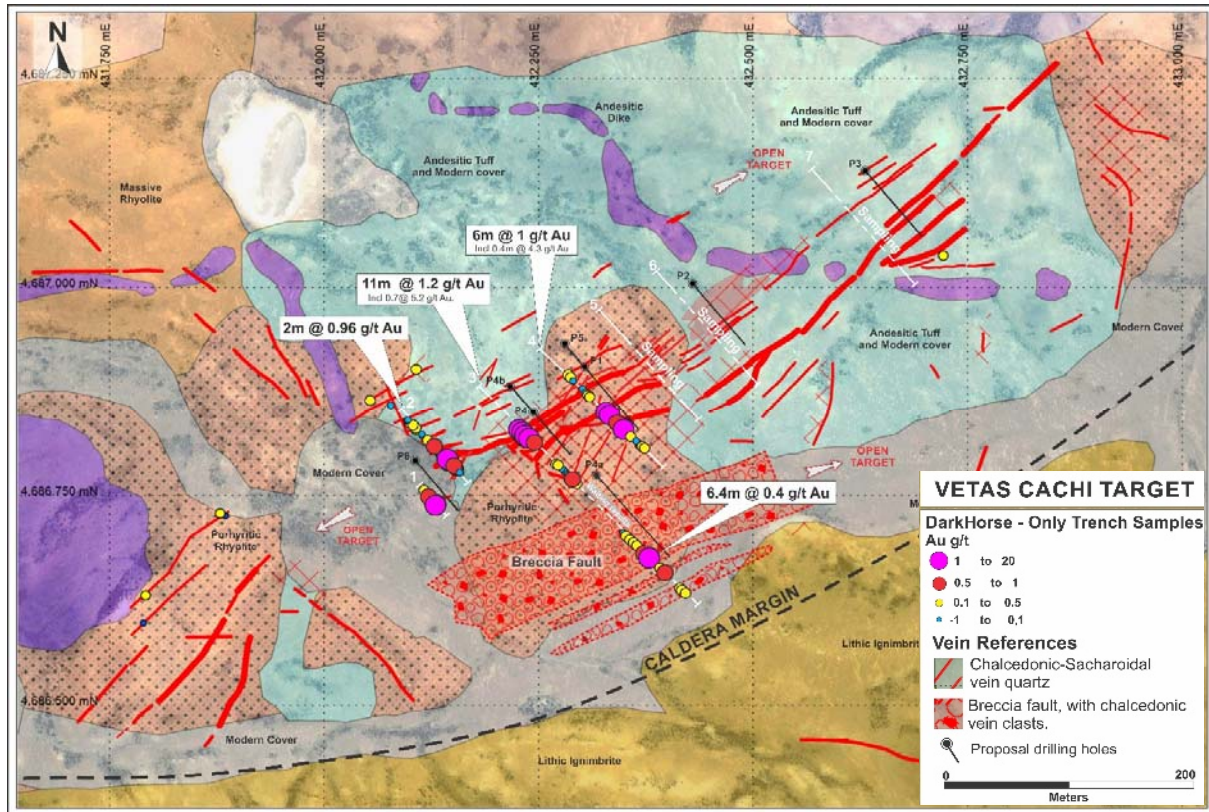
The region is host to numerous multi-million-ounce, epithermal style gold-silver deposits including Cerro Vanguardia owned by AngloGold Ashanti, and Cerro Negro owned by Newmont.

Numerous anomalous gold and silver rock chip and trench samples, with individual surface sampling results up to **17.8 g/t Gold**, have been previously reported by the Company. Five major epithermal vein systems are drill ready and drilling is the next phase of exploratory work planned by Dark Horse. Vetás Cachi target is the largest, with a **structural corridor of 1,000m long by 315m wide**, open in all directions (**Figure 3**). A significant fault breccia adjacent to a Caldera margin has been exposed by trenching at Vetás Cachi with a width of 100m width. Geological and geophysical analysis of exploration data indicates the presence of extensive veining at depth. The Company's objective is to prove a large precious metal system, similar to others in the region. Modelling and sampling suggests that mineralisation may be defined from surface, meaning drilling costs to achieve JORC standard may be comparatively low.



**Figure 2 – Location of the Cachi Gold Project and other Dark Horse Santa Cruz province gold projects in southern Argentina.**





**Figure 3: Geological map of Vetás Cachi prospect adjacent to the Caldera with Gold grades from surface trenches.**

#### Las Opeñas Gold Project

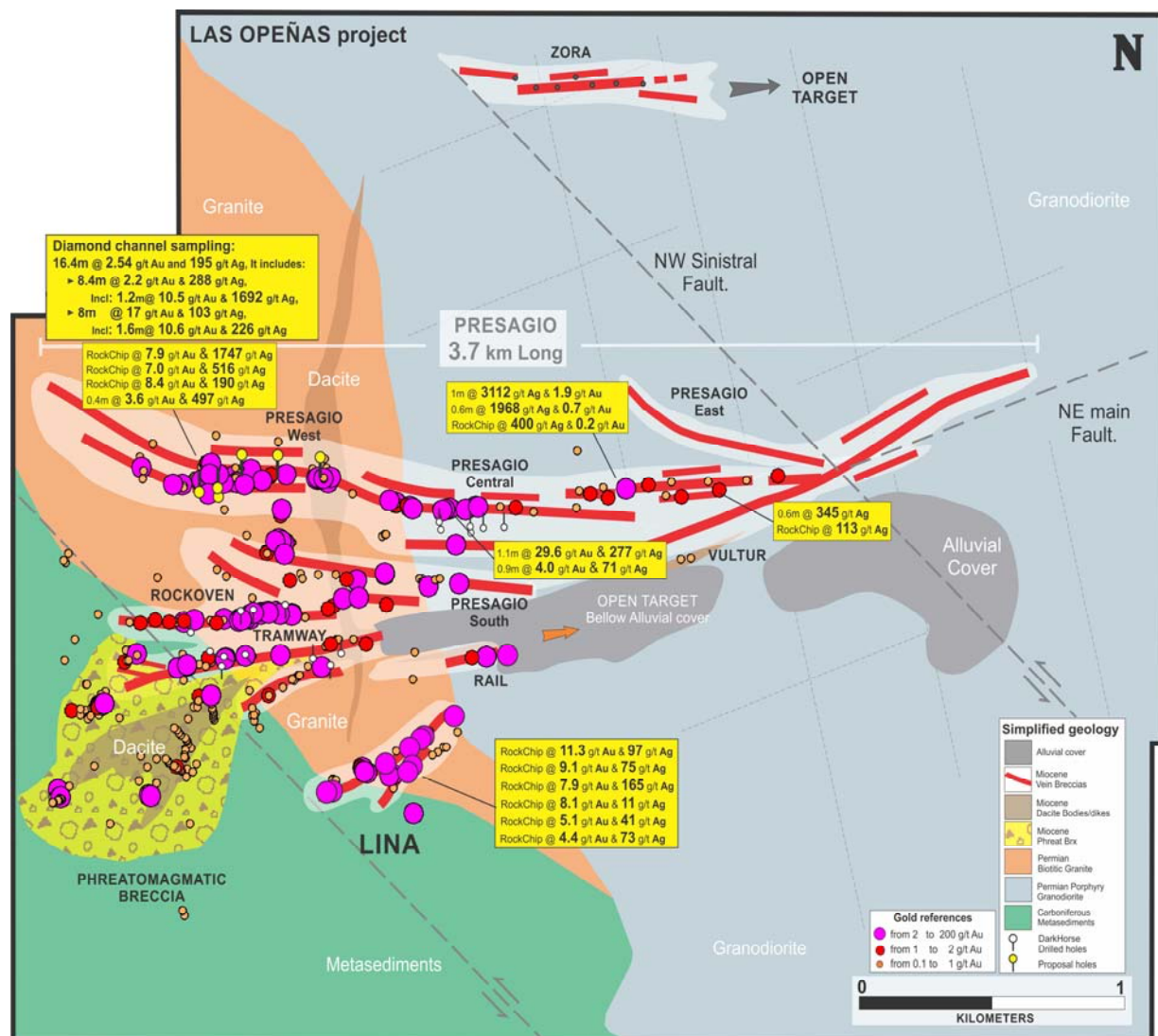
The Las Opeñas Gold Project is a 1,462ha lease located in the north-western region of San Juan Province, north-western Argentina residing at an elevation of between 2,800m and 3,500m (**Figure 4**). The Project has excellent access, 60 km from the municipality of Rodeo, 200 km from the city of San Juan, and allows work throughout the year. The region is host to numerous third-party, multi-million-ounce epithermal style Gold-Silver deposits in the Andes Mountains including Veladero, Pascua Lama and Gualcamayo in San Juan Province and El Indio in neighbouring Chile (refer **Figure 4**).



**Figure 4 – Location of the Las Opeñas Gold Project in the province of San Juan and other nearby significant gold projects (owned by third parties).**

Dark Horse has focussed on the highly mineralised array of epithermal Gold veins, adjacent to a magmatic breccia system, likely to have formed from a deeper porphyry system, currently untested.

Presagio is the largest and main target at Las Opeñas. It comprises of Presagio West, Centre, Sur and East (refer location **Figure 5**). This system has an intricate vein set composed of multiple veins and **vein breccias varying from 200m to 2,200m in length**, stacked over a **corridor width up to 200m** and open in all directions. Surface sampling at Las Opeñas has returned **Gold values up to 54.2g/t and Silver to 3,112g/t**. Dark Horse completed an initial test phase drilling in April 2019, which resulted in confirmation of high-grade mineralized zones to moderate depths from surface with **Gold values up to 4.8g/t Gold and 528g/t Silver**. A comprehensive phase of drilling has now been designed at Presagio with an Exploration Target to define JORC Resources.



**Figure 5: Geological map of Vetas Cachi prospect adjacent to the Caldera with Gold grades from surface trenches.**



### C. Interest in Lakes Oil NL

Dark Horse currently owns approximately 29.7% of Lakes Oil NL (LKO) which has a diversified portfolio of petroleum assets in Victoria, Queensland, South Australia and Papua New Guinea. The Company will continue to maintain the investment in LKO until such time as LKO has been relisted and has commenced the realisation of the underlying value of its large portfolio of oil and gas prospects.

### CORPORATE ACTIVITIES

Dark Horse has engaged North American firm Red Cloud Financial Services Inc (**Red Cloud**) as a financial advisor for the purposes of soliciting interest, structuring and providing financial advice to the Company for support the development of Dark Horse's Argentine Gold Projects. Red Cloud has been issued 21,560,839 DHR shares in lieu of a 12 months cash retainer payment, the shares are escrowed for six months, and they shall receive a success fee on concluding a suitable financing arrangement.

DHR has received a total of A\$200,000 cash through the sale of a small parcel of Lakes Oil NL (LKO) shares to former Non-Executive Director and major shareholder Neil Stuart, and Managing Director David Mason. An amount of 66,666,667 LKO shares has been transferred to each party at a price of 0.15 cent per share, the last traded price of LKO shares prior to them being suspended, representing a premium of 50% on the price at which Dark Horse acquired the shares. The transaction involving the transfer of LKO shares to Mr David Mason was approved by the disinterested Directors of the Company.

Furthermore, Dark Horse Managing Director David Mason and former Director Neil Stuart have indicated their willingness to provide short-term funding for the Company if required. The Board and Management of the Company continue to accrue all remuneration to be met by way of share issue from time to time as part of the Company's strategy to preserve its treasury.

Operating costs in both Australia and Argentina have already been minimised over the past 6 months and will remain at a low level until such time as the Company's new strategies are implemented and require a change in operational levels.

### COVID-19 Response

Dark Horse is implementing its response to the current unprecedented global situation caused by the COVID-19 pandemic to ensure that the Company is well positioned now, and into the future, by reducing corporate overhead costs and remuneration of Directors and senior management by 20%. DGR Global, which provides corporate administration services to DHR, Directors and some senior management have been taking their fees in shares for some time and will continue to do so, subject to any necessary shareholder and regulatory approvals. These cost reductions are anticipated to remain in place for a six-month period and will be reviewed as required.

### INTERESTS IN TENEMENTS

Refer to Appendix A to this report.

*Authorised for Release by the Board of Directors.*

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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 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.

**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

Province	Tenement Name	File Number	Status
Santa Cruz	La Linda	427.016/DG/11	Granted
Santa Cruz	La Elegida	427.017/DG/11	Granted
Santa Cruz	La Rosita Norte	427.592/DG/11	Granted
Santa Cruz	Cañadón Agustín	422.545/LEE/10	Application awaiting approval
Santa Cruz	Cachi Norte	437.209/TCE/17	EIA approved. Grant pending.
Santa Cruz	Cachi	431.870/CL/15	EIA approved. Grant pending.
Santa Cruz	Sierra Morena Sur	401.671/MS/07	Granted
Santa Cruz	Tejedor	Application date 4 April 2019	Application awaiting approval
Santa Cruz	Las Lajas 1	Application date 4 April 2019	Application awaiting approval
Santa Cruz	Las Lajas 2	Application date 4 April 2019	Application awaiting approval
San Juan	Las Opeñas mine	1124623-T-12	Granted
San Juan	San Judas Tadeo	14-bis-H-46	Granted