



Quarterly Activities Report for the Period Ended 31 March 2016

Dark Horse Resources Ltd

ASX CODE: DHR

Shares on Issue

726.5 million

Market Capitalisation

A\$3m (at A\$0.004)

DIRECTORS

Nick Mather (Non-Executive Chairman)

David Mason (Executive Director)

Brian Moller (Non-Executive Director)

Neil Stuart (Non-Executive Director)

COMPANY SECRETARY

Karl Schlobohm

CONTACT DETAILS

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HIGHLIGHTS

Projects

- Overwhelming Argentinean support was gained for the 1000MW Pico Power Project during high level government meetings by Dark Horse Directors during the March 2016 visit to Buenos Aires.
- Planning was completed for obtaining the Social Licence, a mandatory licence required under the Environment Impact Assessment Licence, to allow the commencement of field works. This will be implemented in the following quarter.
- An Exploration Program for the Nirihuau Coal Basin to define sufficient resources for the Pico Power Project will be carried out following the issuance of the Social Licence.

Corporate

- On 23 March 2016 the Company announced the completion of a capital raising at \$0.004 per share, totalling \$515,366. The raising was undertaken as a private placement to sophisticated investors, and was supported by the Company's Directors and Managers via the conversion of fees owed to them for past services.
- Company Director David Mason has agreed to act for the Company in an executive capacity given the increasing demands of the Company's portfolio of project initiatives.

REVIEW OF PROJECTS AND ACTIVITIES

Excarb (Argentinean Coal Projects)

Nirihuau Coal Project – Rio Negro Province, Argentina

Argentina Visit and the Power Generation Project

During March 2016 Company Directors and Officers Nick Mather, Neil Stuart, David Mason and Pru Maclean, with our power development partners, travelled to Argentina and met with senior government officers and private entities in order to progress the Company's objectives for mining and power generation development in the Rio Negro province. Of noteworthy significance, the team had valuable meetings with the following persons and representatives:

- Secretary of Mining in the Ministry of Energy and Mining
- Board member of the National Electricity Regulatory Agency
- Undersecretary of Mining Policies in the Ministry of Energy and Mining
- General Counsel to the Secretary of Mining
- Undersecretary of Project Evaluation in the Ministry of Energy and Mining
- Executive President, Argentina Investment and Trade Promotion Agency
- Post Manager Austrade Buenos Aires

The 1000MW Pico Power Project was presented and discussed in detail, and generally, there was overwhelming support for the project because of its strategic importance to the nation's development and growth plans, and the significant economic benefits. Dark Horse intends to develop an ultra-supercritical base load coal fired power station at the Nirihuau Coal Project in western Argentina to connect to existing 500kV transmission network serving the Argentinian national electricity network, which presently is reliant on imported LNG to meet a major portion of the country's base-load power demand. The parties will scope the size and design, obtain all development and environment approvals, and negotiate the necessary power purchase and funding agreements with a view to future construction and development.

The power generation project will help service the country's increasing power demands, help utilise the existing resources and help reduce the need for importing expensive hydrocarbon, fuels and electricity.

The President of the United States, Mr Barack Obama, made a state visit to Argentina at the same time, which regrettably meant some government meetings were adjourned. However, news of the power project was immediately reported to the Secretary of Energy and the Minister of Mines and Energy. As a significant outcome of this visit, Dark Horse was requested to submit a proposal for the Pico Power Project to the Secretary of Energy. The Company is working on this business case with its power development partners, and intends to submit this proposal during April 2016.

Argentina, with a new, pro-development President and government in place, is undergoing important strategic economic planning and of particular implication for Dark Horse, has plans (not yet firmed) to add the following power sector energy increases in the next 10 years to 2025:

- Thermal 8,000MW
- Nuclear 1,500MW
- Hydro 3,000MW
- Renewable 10,000MW

Thermal energy in Argentina at present is principally fuelled from expensive gas, and although there are large undeveloped gas resources in the country, the government very much welcomed the option of fuelling a large thermal power plant from an indigenous coal resource, the Nirihuau Coal Project.



Figure 1: Location of Marayes and Pico Quemada Projects, Argentina

Exploration

David Mason visited Viedma, the capital of the Rio Negro province during March and met with the RN Secretary of Mines, the government officer charged with assisting Dark Horse in advancing the Nirihuau Coal Project. An update on the project was presented on the Company's exploration plans in conjunction with its joint venture partner, Trendix SA. This progress information is then relayed to the RN Secretary of Energy and the Governor of Rio Negro.

The filing of corporate documents was completed and discussions were held in relation to securing the Social Licence, a mandatory licence required under the Environment Impact Assessment Licence, to allow the commencement of field works. A work plan and budget was prepared for this task, which shall be carried out utilising experienced social consultants who have current good relationships with the local indigenous communities. Securing the support of these communities and aligning them with the Company's project objectives and plans from the outset is a significant step in ensuring future social and public relations programs are successful. This work will get underway in April 2016.

An exploration program for the coal deposit areas at Nirihuau has been designed and will be implemented once the Social licence is achieved. The overriding objective is to define sufficient coal resources to support the 1000MW mine mouth Pico Power Project. Based on a comprehensive set of data from all previous exploration works, Dark Horse has an exploration target for the Nirihuau project of approximately 75 million tonnes to 125 million tonnes of coal with an energy (calorific) range of approximately 6,000 Kcals/kg to approximately 7,400 Kcals/kg. Dark Horse notes that the potential volume and quality of the exploration target is conceptual in nature and that there has been insufficient exploration undertaken to date to estimate a coal resource, and that further exploration may not necessarily result in the estimation of a coal resource.

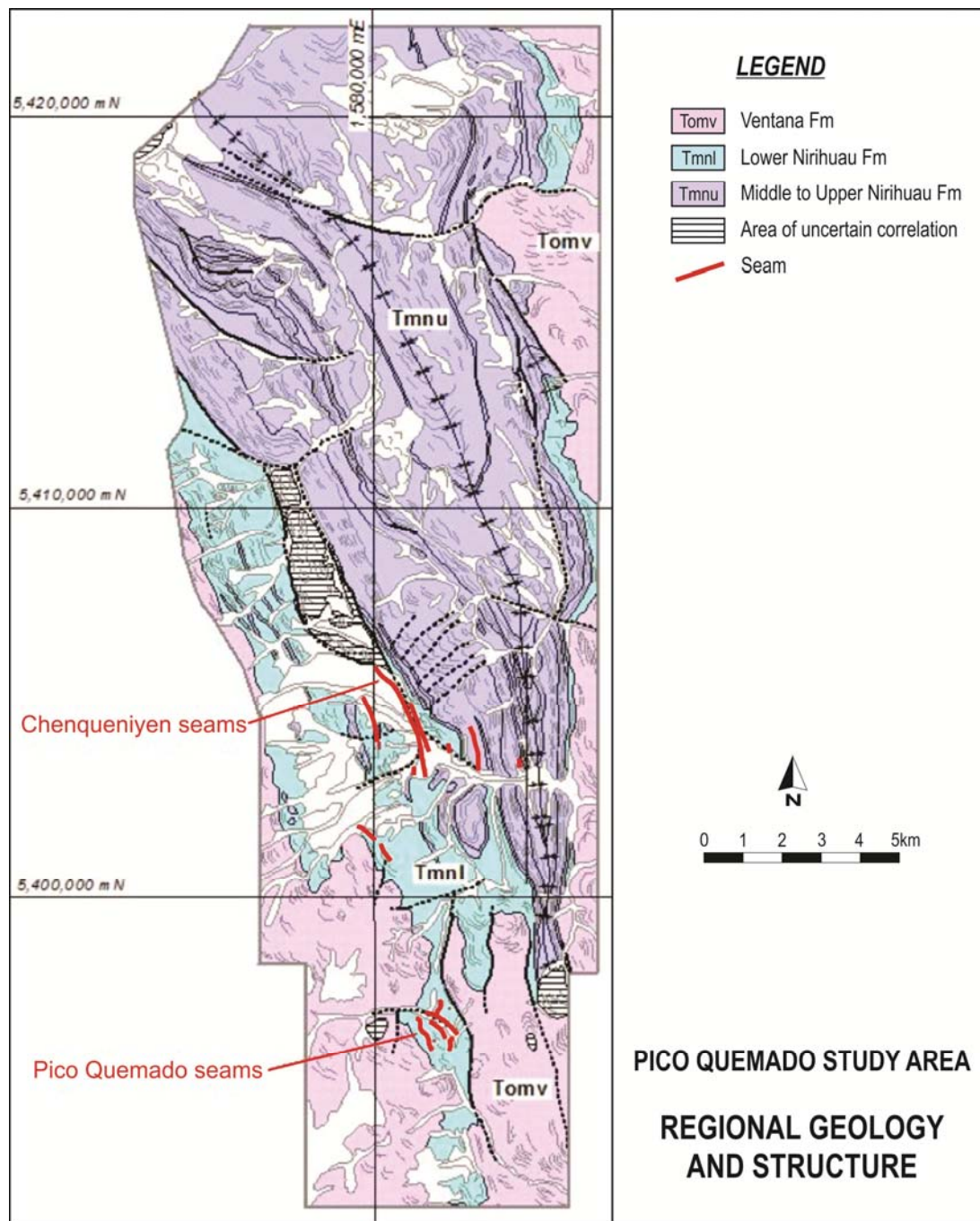


Figure 2: Regional Geology and Structural Map – Pico Quemado Project Area

The planned exploration will focus on the Pico Quemado, Chenqueniye and Las Bayas deposits as follows:

Pico Quemado Strategy and Program

The Pico Quemado (PQ) area has been previously drilled and mined by underground methods in the 1940/50's. Trendix and Excarb have followed this up in recent years with geological mapping and sampling however, no further drilling has been carried out.

A significant amount of geological data exists at PQ, which has defined the stratigraphy, geometry and coal seam sequences, though in the northeast there are some likely structural features evidenced by unusual strikes and dip directions. A GIS database has been generated incorporating all geological information.

The current phase of work requires resource definition drilling and the following is planned:

1. Several holes twinning existing holes in the south of PQ to check validity and accuracy of historical information and confirm seam stratigraphy, geometry and quality.
2. Up to 6 holes to confirm deposit geometry, sited along the axis of the PQ Syncline.
3. Around 8 resource definition holes to reduce hole spacing to approximately 250m.
4. Some trenching using an excavator to obtain a bulk sample for quality and market testing.

Approximately 1,500m of drilling is anticipated for this work. Several drilling companies are available and have provided competitive quotes. It is planned to have Dark Horse's JV partner Trendix to provide geological and logistical support for this program, under the supervision of Dark Horse's Country Manager.

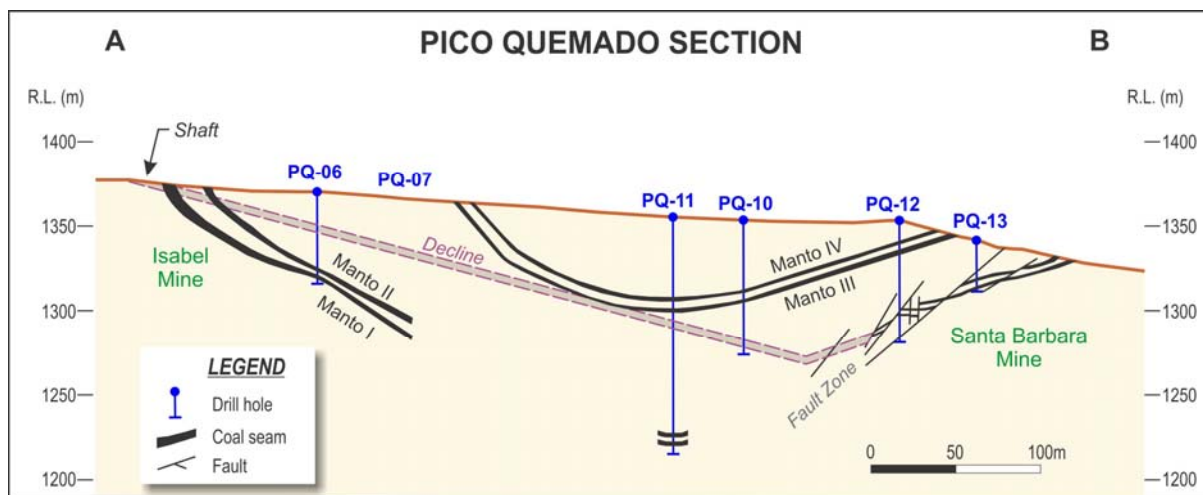


Figure 3: Section of the Pico Quemado coal deposit, showing existing drill holes and coal seams

Chenqueniye and Las Bayas Strategy and Program

The Chenqueniye (Chenque) area has not been previously drilled. Trendix has carried out some geological mapping and identified a similar seam sequence as exists at PQ, and proved that seams extend along strike lengths for up to 4kms. These seams are all on the western limb of the Nirihuau Syncline and dip eastwards, at 10-15 degrees in the far west, steepening eastwards to near vertical in the centre of the deposit. To date no coal has been discovered on the eastern limb of the syncline, though no work has been carried out there as yet.

The Chenque program will involve a combination of:

1. Detailed geological mapping throughout the deposit to follow extensions of the known seams, and discover new seams.
2. Shallow subcrop drilling to confirm the current known seam sequences (thickness, stratigraphy, geometry and quality).
3. Broad spaced (approx. 1-2km distance) stratigraphic drilling throughout the deposit to define the potential resource quantity and quality.
4. Resource definition drilling to upgrade the deposit to JORC standards (ultimately drilling at 250m centers). The later work will be carried out in a number of stages.

Approximately 1,500m of drilling is anticipated for the first phase of work, and Trendix and the PQ drilling company will again be contracted to supervise the work.

The Las Bayas area has had no real geological exploration work carried out. It is intended to carry out reconnaissance geological mapping in the area to check to see what can be discovered. Depending on the results of this preliminary work, further exploration will be designed and implemented.

With winter coming up mid year there may be some disruptions to the work schedule however, firm commitments from drilling companies to work through the winter period has indicated this may not be substantial.

Electricity Sector in Argentina and the Rio Negro Province.

Argentina is presently suffering restricted access to cost-effective energy and power. The development of a mine mouth coal fired power station within Rio Negro would help to address the issue and support sustainable growth of the Rio Negro Province economy.

The Province is more sparsely populated than other provinces, with the main industries being agriculture, fishing, oil and gas, and tourism. Cost-effective power would allow (and attract) other industries, including down-stream processing of agricultural and derivative products and create substantial employment.

Argentina has approximately 32,559MW of installed capacity of which only 80% is available. , 1,500MW is considered peak power and 3,500MW is over 30 years old and nearing the end of its life. Demand is reaching 25,000MW in peak periods with limited to no spare capacity. This in turn has caused brown outs across the country. Following the 2001 financial crisis in Argentina, measures were implemented to shield the Argentine consumers from substantial increases in electricity and gas prices caused by the devalued Argentine peso. Today, the Government is still heavily subsidising the electricity sector and importing expensive hydrocarbons to generate electricity. Dark Horse believes there is an opportunity to generate cost-effective electricity through coal fired power without the need for government subsidies.

There are two existing coal fired power stations in Argentina. The 240MW plant located near the Rio Turbio coal mine in Santa Cruz Province (Patagonia) and the 650MW San Nicholas plant in Buenos Aires Province. The former is supplied by the state owned coal mine, which extracts lower quality coal and has difficulty in providing enough fuel to allow the power station to operate at full capacity. The San Nicholas plant runs on a mix of imported coal and fuel oil.

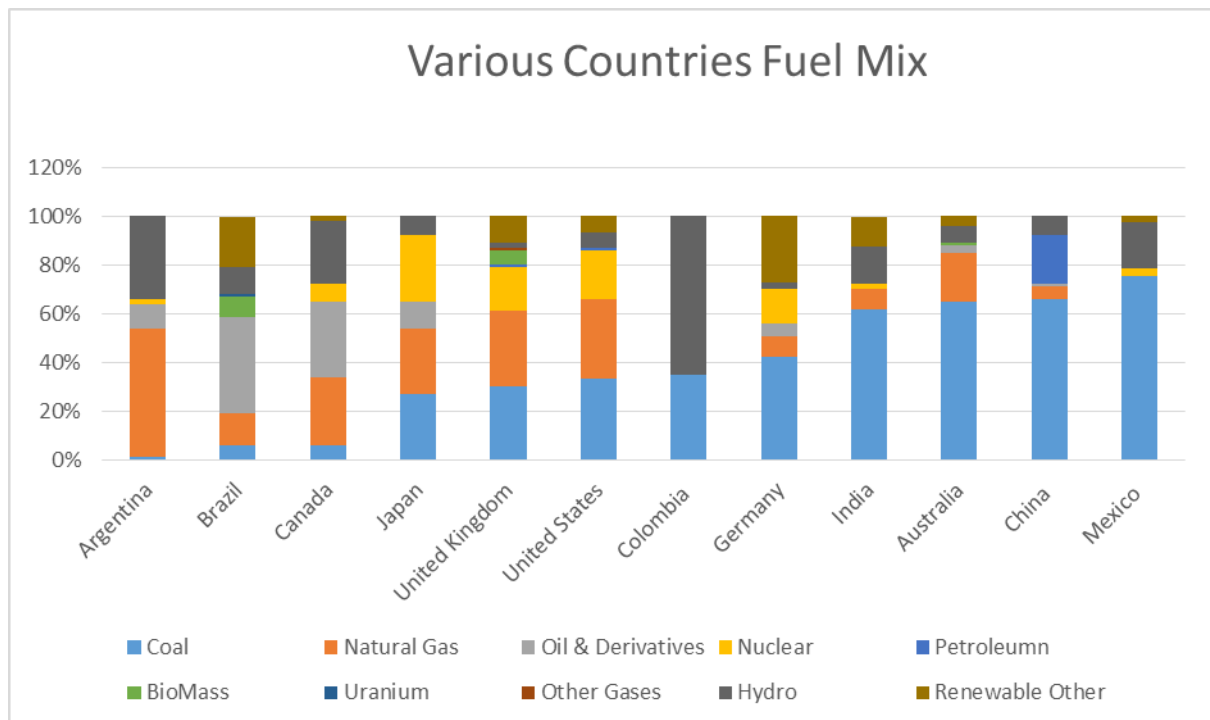


Figure 4: The current fuel mix in Argentina allows for further thermal generation both economically and environmentally

Marayes Coal Project – San Juan Province, Argentina

With the overwhelming interest and Argentinean support for the Nirihuau Coal Project and the Pico Power Project, work on the Marayes coal project has had to be temporarily sidelined. However, basic exploration works and coal marketing efforts continue at Marayes to advance the project.

NavGas (Australian Oil & Gas Projects)

No substantive work on the Company's oil and gas portfolio was undertaken during the quarter.

Dark Horse Resources (US Gold Projects)

The Company is in dispute with Genesis Gold over the nature and structures associated with the New Mexico and Nevada projects. Specifically, litigation continues in the District Court of Nevada in respect of the Carlin East project in Nevada.

The Company has not committed to any further exploration or expenditures on these two projects until such time as matters with Genesis Gold have been finalised.

Dark Horse Resources (Australian Projects)

On 29 March 2016, the Company was advised that it had been awarded a fifth mineral tenement in South Australia (effective 19 January 2016), which was the final application awaited. This tenement overlays part of the gas applications of NavGas Pty Ltd.

EXPLORATION ACTIVITIES PLANNED FOR JUNE 2016 QUARTER

Nirihuau Coal Project - Argentina

A site visit is planned for the coming quarter in order to continue to scope out a definitive work program for exploration and resource definition drilling and coal quality testing within the next 6-12 months. The primary objectives are to commence definition of the coal resources to upgrade them into JORC international resource standards. There has been a reasonable amount of exploration drilling carried out in the past, which identified a significant amount of coal and led to the Pico Quemado resources being mined by underground methods in the 1950's. As outlined in full in the ASX release of 26 August 2015, the Company has an Exploration Target for the Nirihuau Coal Project of approximately 75 million tonnes to approximately 125 million tonnes of coal with an energy (calorific) range of approximately 6,000 Kcals/kg to approximately 7,400 Kcals/kg.

Marayes Coal Project - Argentina

Exploration will continue to be advanced over the Company's tenements suite, with a phase of resource definition drilling planned in the next semester. Statutory application procedures have been commenced in respect of this work.

CORPORATE ACTIVITIES

Capital Raising

On 23 March 2016 the Company announced the completion of a capital raising at \$0.004 per share, totalling \$515,366. The raising was undertaken as a private placement to sophisticated investors, and was supported by the Company's Directors and Managers via the conversion of fees owed to them for past services.

Updated Company Presentation

During the Quarter the Company releases an updated Company Presentation which encompasses the Company's prioritization of the Nirihuau Coal Project, and the MOU signed with Sunset Power for the development of a mine mouth coal fired power station at the Nirihuau project site.

Executive Services of Director

The Board wishes to advise that Mr David Mason, a Director of the Company, has agreed to act as the Company's interim CEO on a part-time basis to ensure the continued and focussed development of the Company's coal and power generation project initiatives in Argentina.

Mr Mason will spend a minimum of 50% of his time acting as the CEO of Dark Horse, for an annual salary of \$150,000. This will replace Mr Mason's current Non-Executive Director Fee of \$40,000 per annum.

INTERESTS IN TENEMENTS

Refer Appendix A to this report.

Competent Persons Statement

The information herein that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Neil Stuart, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Neil Stuart is a Director of Dark Horse Resources Ltd.

Mr Stuart has more than five years experience which is relevant to the style of mineralisation and type of deposit being reported and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (the JORC Code). This public report is issued with the prior written consent of the Competent Person(s) as to the form and context in which it appears.

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APPENDIX A TO QUARTERLY ACTIVITIES REPORT

INTEREST IN TENEMENTS HELD IN THE QUARTER

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

Australian Tenements

One (1) new mineral tenement (**Triple Bluff**) in South Australia was granted during the Quarter.

Tenements held in Australia are as follows:

Tenement	Location	Current Holder	% Interest	Granted
Triple Bluff (EL5700)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	19 Jan 2016
Parachilna (EL 5690)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	26 Nov 2015
Wallerbedina (EL 5693)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	26 Nov 2015
Kallioota (EL 5694)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	26 Nov 2015
Monument (EL 5695)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	26 Nov 2015
Torrens (EL 5638)	South Australia	Dark Horse Resources Ltd	100% (12 month term)	2 July 2015
Roma Shelf (ATP 1183)	Queensland	NavGas Pty Ltd	100% (6 year term)	1 July 2014

USA Tenements (Note that the USA tenement interests are in dispute as outlined in the body of the Report)

No new tenement areas were granted during the quarter.

At the end of the quarter, the Company retains an interest in one (1) project in Nevada and five (5) projects in New Mexico and currently has an interest in, or holds options and farm-in agreements over, the following claim areas:

Tenement	Location	Current Holder	% Interest
NCAR 1-6	Nevada, USA	Genesis Gold LLC	CED Gold LLC earn up to 100%
NCAR 8-9	Nevada, USA	Genesis Gold LLC	CED Gold LLC earn up to 100%
NCAR 11-12	Nevada, USA	Genesis Gold LLC	CED Gold LLC earn up to 100%
NCAR 14-25	Nevada, USA	Genesis Gold LLC	CED Gold LLC earn up to 100%
NCAR 27-30	Nevada, USA	Genesis Gold LLC	CED Gold LLC earn up to 100%
NCAR 32-108	Nevada, USA	Genesis Gold LLC	CED Gold LLC earn up to 100%
NC 109-114	Nevada, USA	Genesis Gold LLC	CED Gold LLC earn up to 100%
NC 116-119	Nevada, USA	Genesis Gold LLC	CED Gold LLC earn up to 100%
NC 121-217	Nevada, USA	Genesis Gold LLC	CED Gold LLC earn up to 100%
NC 300-336	Nevada, USA	Genesis Gold LLC	CED Gold LLC earn up to 100%
CC 178	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 189	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 192	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 194	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%

Tenement	Location	Current Holder	% Interest
CC 195-198	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 203-205	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 217-222	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 226-227	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC307-309	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 407-409	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 201	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 207	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 307-309	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 405-406	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 711	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 715-716	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 1110	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 1210	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
LSP 108-109	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
LSP 104-115	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
FR 186-188	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
GR 130-131	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
GR 136-137	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%

Argentinean Tenements

No new tenement areas were **granted** during the quarter at either Marayes or Pico Quemado.

The interests held by the Company are as follows:

Tenement	Location	Current Holder	% Interest
407 – 2008	Marayes, Argentina	Excarb SA	100%
408 – 2008	Marayes, Argentina	Excarb SA	100%
409 – 2008	Marayes, Argentina	Excarb SA	100%
1124 – 131	Marayes, Argentina	Excarb SA	100%
1124 - 132	Marayes, Argentina	Excarb SA	100%
30.143-M-2005	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
29.092-M-2004	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
33.030-M-2008	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
37.058-M-2012	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
37.150-M-2012	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
40.039-M-2015	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%