

Quarterly Activities Report for the Period Ended 30 September 2017

DARK HORSE RESOURCES LTD

ASX Code: DHR

Shares on Issue

1.31 billion

Market Capitalisation

A\$10.5m (at A\$0.008)

Directors

Nick Mather (Non-Executive Chairman)

David Mason (Executive Director)

Brian Moller (Non-Executive Director)

Neil Stuart (Non-Executive Director)

Company Secretary

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HIGHLIGHTS

- Exploration has commenced on the large portfolio of lithium properties held by Pampa Litio in the San Luis and Cordoba provinces. Detailed geological and structural mapping and sample assaying is underway at Las Tapias, to be followed by El Totoral. Drilling is planned for early 2018.
- Following the end of the Quarter, Dark Horse executed the acquisition and transfer agreements for the PROAR portfolio of gold-prospective properties in Santa Cruz (23 leases covering 176,500ha) and Rio Negro (17 leases covering 142,000ha) provinces. Reconnaissance is underway and detailed exploration will commence in 2018.
- A third lease has been added to the Santa Cruz Los Domos gold project with 20,000ha of ground now under exploration tenure. Exploration will commence at Los Domos in the second half of 2017 with the aim of defining drill targets for drilling early in 2018.



Photo 1: Dark Horse Executive Director David Mason highlighting large spodumene crystals at the Las Tapias Mine site.

REVIEW OF PROJECTS AND ACTIVITIES

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

The Company holds extensive lithium projects in the provinces of San Luis and Cordoba through an option to acquire Argentinian company, Pampa Litio SA. As a result of an allotment of Dark Horse shares to the vendors following the end of the Quarter, Dark Horse now owns 25% of Pampa Litio SA.

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

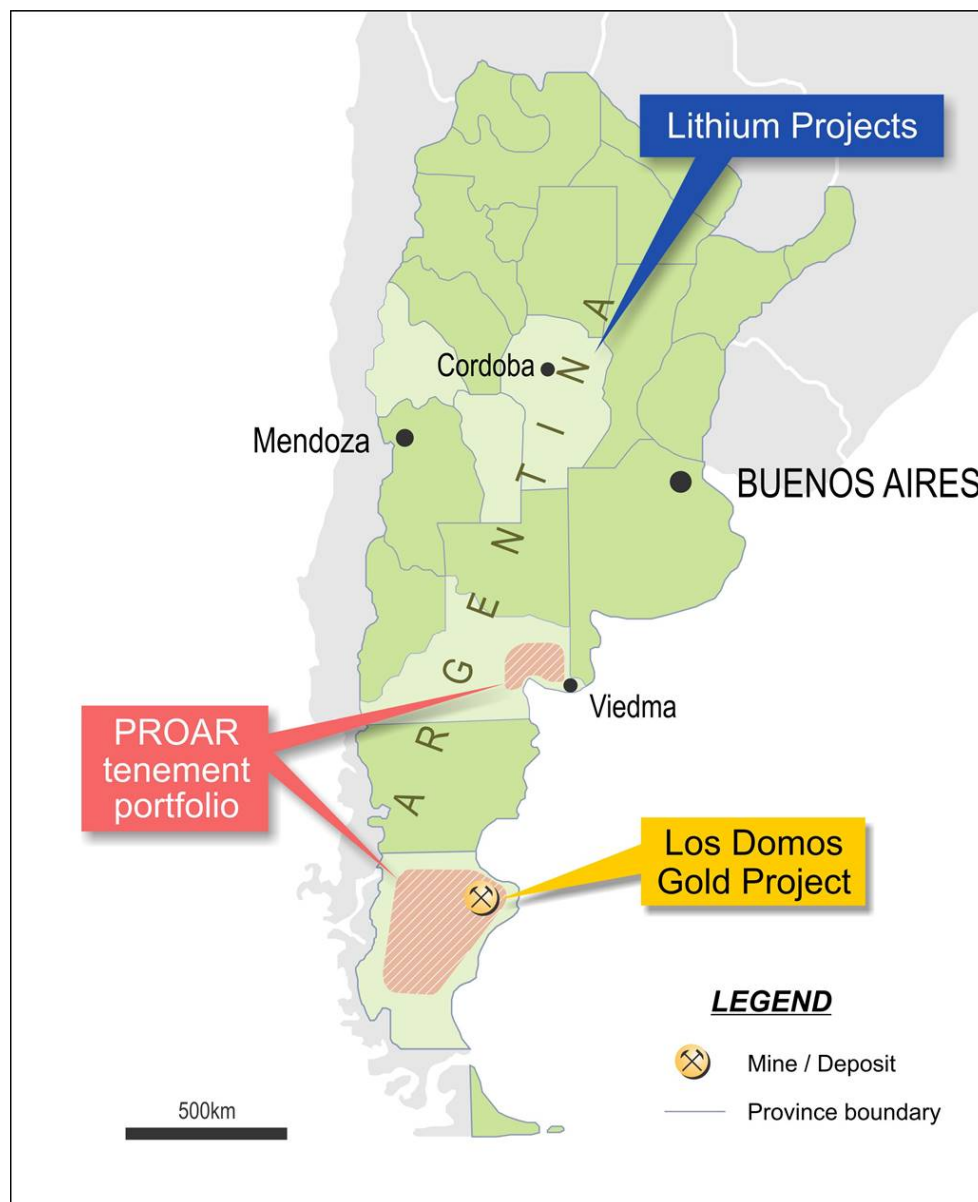


Figure 1 – Location of Dark Horse’s mineral projects in Argentina.

Pampa Litio Lithium Projects

Lithium Projects – San Luis and Cordoba Provinces, Argentina

Dark Horse has access to a large portfolio of mineral exploration ground under lease in Argentina through its acquisition of domestic company Pampa Litio SA. Pampa Litio holds four separate exploration licences in the San Luis province (Leon Herido, San Martin, Novillo Negro and El Totoral) totalling 34,000ha, and a group of 5 mining licences and one exploration licence over the Las Tapias Mine (300ha) in Cordoba province (refer **Figure 1** and **Figure 3**). Each of these leases was visited by the Dark Horse executive team during September 2017 and substantial and widespread pegmatites were visually observed throughout, with lithium mineralisation obvious in many through the presence of observed high-grade concentrations of Spodumene, Lepidolite and Amblygonite minerals.

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

El Totoral Pegmatite

Of particular significance is the lithium bearing El Totoral pegmatite in the El Totoral lease, which has been traced at surface for approx. 4.5kms along a north-south strike length (**Figure 2**). It includes the historic San Luis Mine where massive, large spodumene crystals can be observed in the old surface workings (**Photo 2**). As previously reported by the Company, assay testing of select rock samples containing up to 40% spodumene has returned the excellent values of up to 3.3% lithium oxide and 211g/t of tantalum oxide, which are considered ore grade materials.



Photo 2 – mass Spodumene crystals at the San Luis Mine within the El Totoral lithium rich pegmatite

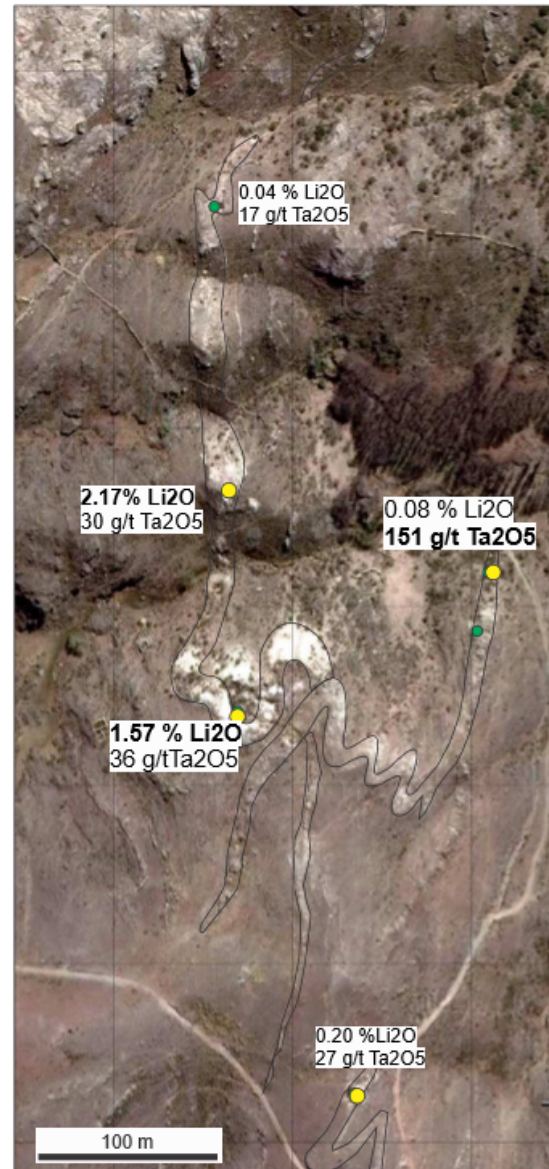
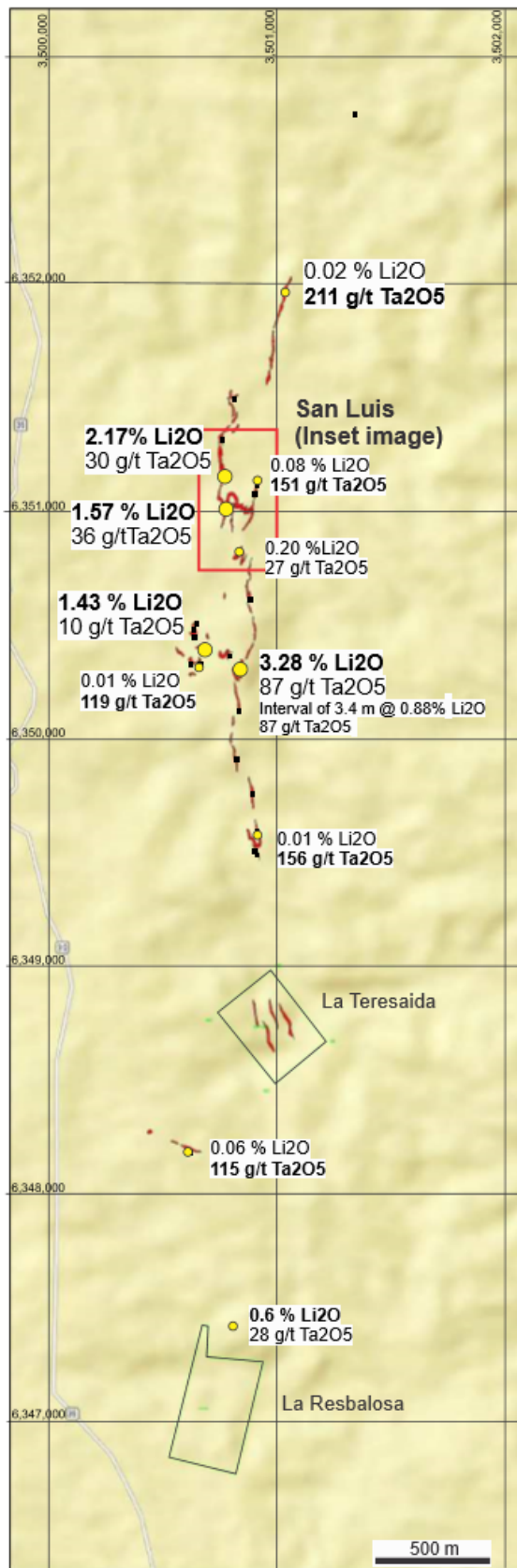


Figure 2: El Totoral- San Luis mine. selected sampled along spodumene bearing pegmatites in the Totoral belt (depicted by red lines). The Li-Ta bearing belt extend for about 4.5 km. Right detail image of complex folded San Luis pegmatite and Li.-Ta rock chip assays

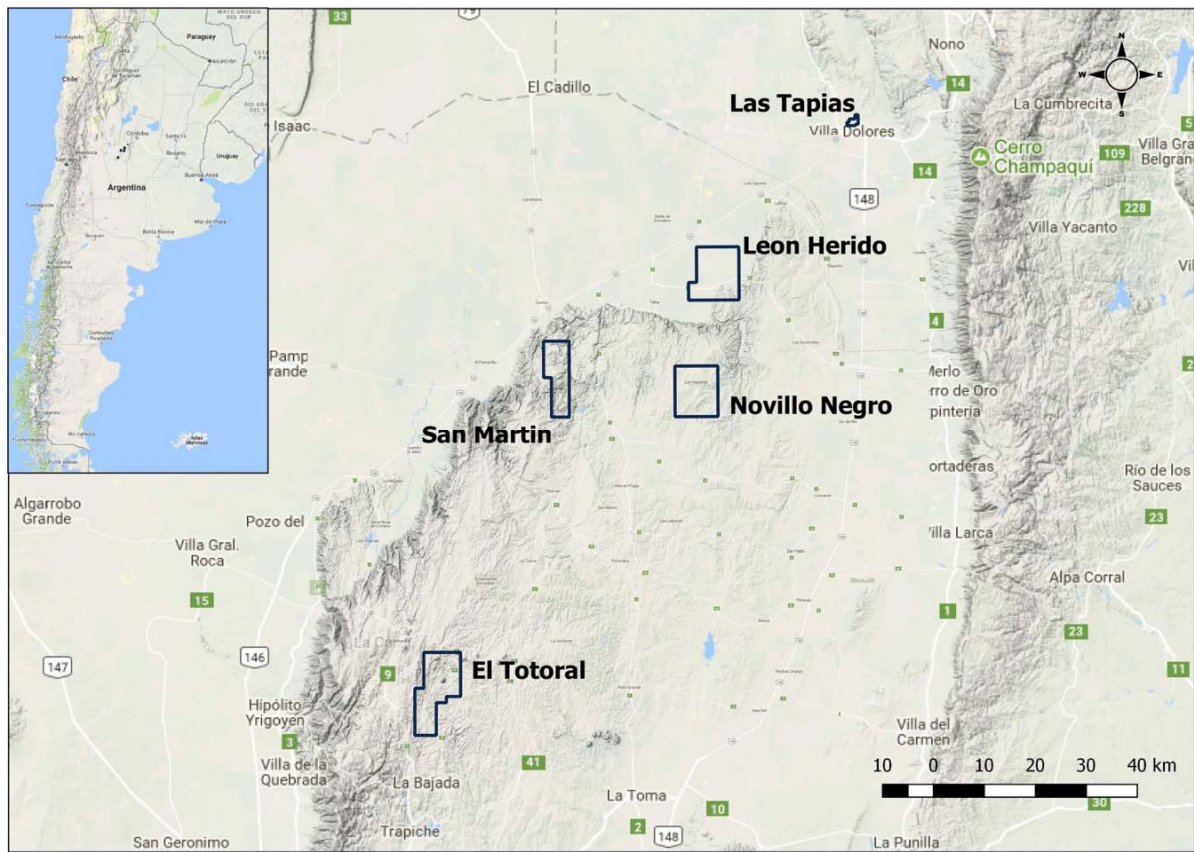


Figure 3 – The Pampa Litio suite of leases in San Luis province and Las Tapias in Cordoba province.

Las Tapias Mine

The Las Tapias Mine is another significant lithium target for Dark Horse. The Company is acquiring the property from the family owners, who work the pegmatite to produce mica for industrial domestic use. Pampa Litio has previously investigated the mine for the presence of lithium and determined that there is substantial potential for commercial resources. **Figure 4** below depicts the size of the pegmatite on the surface, which is some 300m in length and 75m wide.

The Dark Horse executive team visited these surface workings during September 2017, and some of the historical underground drives, which provide evidence of a significant depth dimension also (at least 50m). Lithium spodumene crystals are common at both the surface and underground (**Photo 4 and 5**). As previously reported by the Company, assay testing of rock samples have returned the excellent values of up to 6% lithium oxide, which is considered ore grade material.



Photo 4 - Las Tapias Mine with large Spodumene crystals in the quarry.



Photo 5 - Extremely large Spodumene crystals underground at Las Tapias Mine.

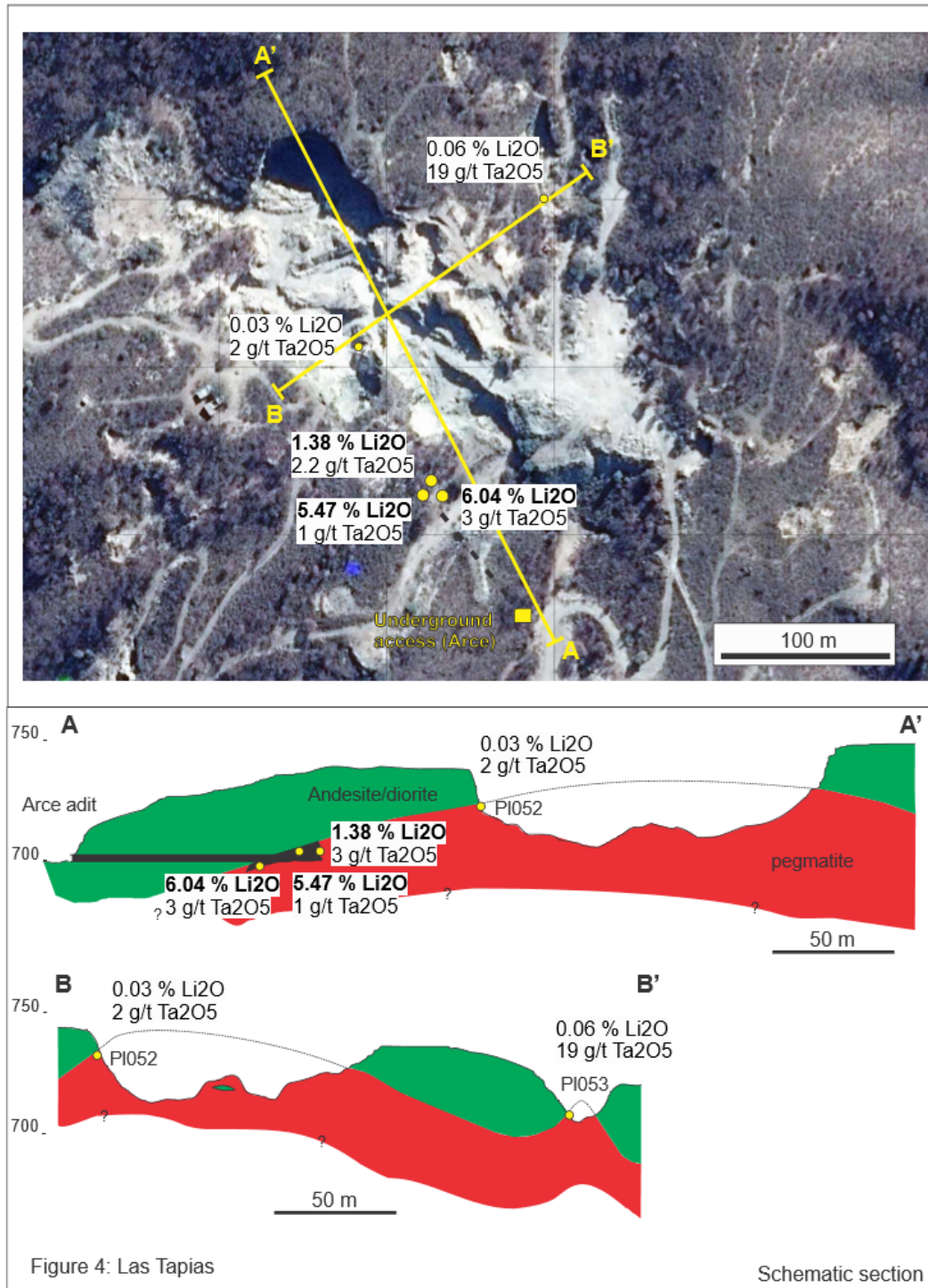


Figure 4 – A photo of the Las Tapias Mine workings (above) and the location of two cross sections (A-A') and (B-B'), shown geologically below. The red colour is the pegmatite and the green the host rock.

Pampa Litio Lithium Exploration

Dark Horse has commenced detailed exploration over the large Pampa Litio portfolio to facilitate the estimation of a Lithium mineral resource, which will include:

- Topographic Surveying;
- Systematic mapping and sampling of the widespread outcrops, quarries and underground workings;
- Representative rock chip sampling and assaying;
- Geophysics;
- Drilling programs will be designed to define the geometry, size and grades of the ore bodies;
- Comprehensive assaying of all drill core;
- Metallurgical testing;
- Mineral resource evaluation and estimation in compliance with the JORC Code;
- Preliminary mining feasibility.

Prior geological work by Pampa Litio has shown that the El Totoral pegmatite sequence and the Las Tapias Mine have significant Lithium potential, as described above, and deserve early detailed exploration to determine their likelihood of meeting Dark Horse's aggressive objectives. Therefore, a two-pronged, simultaneous exploration strategy is currently being implemented with:

1. Detailed Programs at both El Totoral and Las Tapias, and
2. Regional Program over the remaining suite of leases.

Detailed geological mapping has commenced at the Las Tapias Mine in Cordoba province (**Photo 6**). Dark Horse has engaged Carlos Gustavo Fernandez, an experienced, professional executive geologist to manage the program. Gustavo has deployed three senior geologists to Las Tapias, who are carrying out: (1) initial GPS topographic surveying over the surface and underground mine workings to produce suitable quality maps, and (2) detailed geological lithographic and structural mapping. Results will be reported as they come to hand. Exploration will continue throughout 2017 with drill targets expected to be defined in early 2018 for drill commencement in the second quarter of 2018.



Photo 6: Geologists at the Las Tapias underground workings.

PROAR Mineral Properties

Mineral Projects – Santa Cruz and Rio Negro Provinces, Argentina

Following the end of the Quarter, Dark Horse executed the acquisition and transfer agreements for the PROAR portfolio of gold-prospective properties with the vendor, a successful, professional exploration geologist based in Argentina (**Figures 1 and 5**). Ownership of all properties will be transferred to Dark Horse's 100% Argentine subsidiary company Excarb SA.

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

The Santa Cruz properties are all located within the Deseado Massif, which covers a large region in Santa Cruz. The Deseado Massif hosts numerous low-sulphidation, epithermal, precious-metal quartz vein and vein-breccia deposits that appear to have closely followed the Jurassic acid volcanism. There are six operating mines in the area: Cerro Negro – Goldcorp; Cerro Vanguardia – AngloGold Ashanti; Minera Santa Cruz – Mauricio Hochschild/McEwen Mining; Manantial Espejo – Panamerican Silver; Mina Marta - Hunt Mining; and Martinetas – Minera Don Nicolas. There are several advanced projects under exploration, and Cerro Moro – Yamana Gold is under construction (see **Figure 6**).

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

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

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

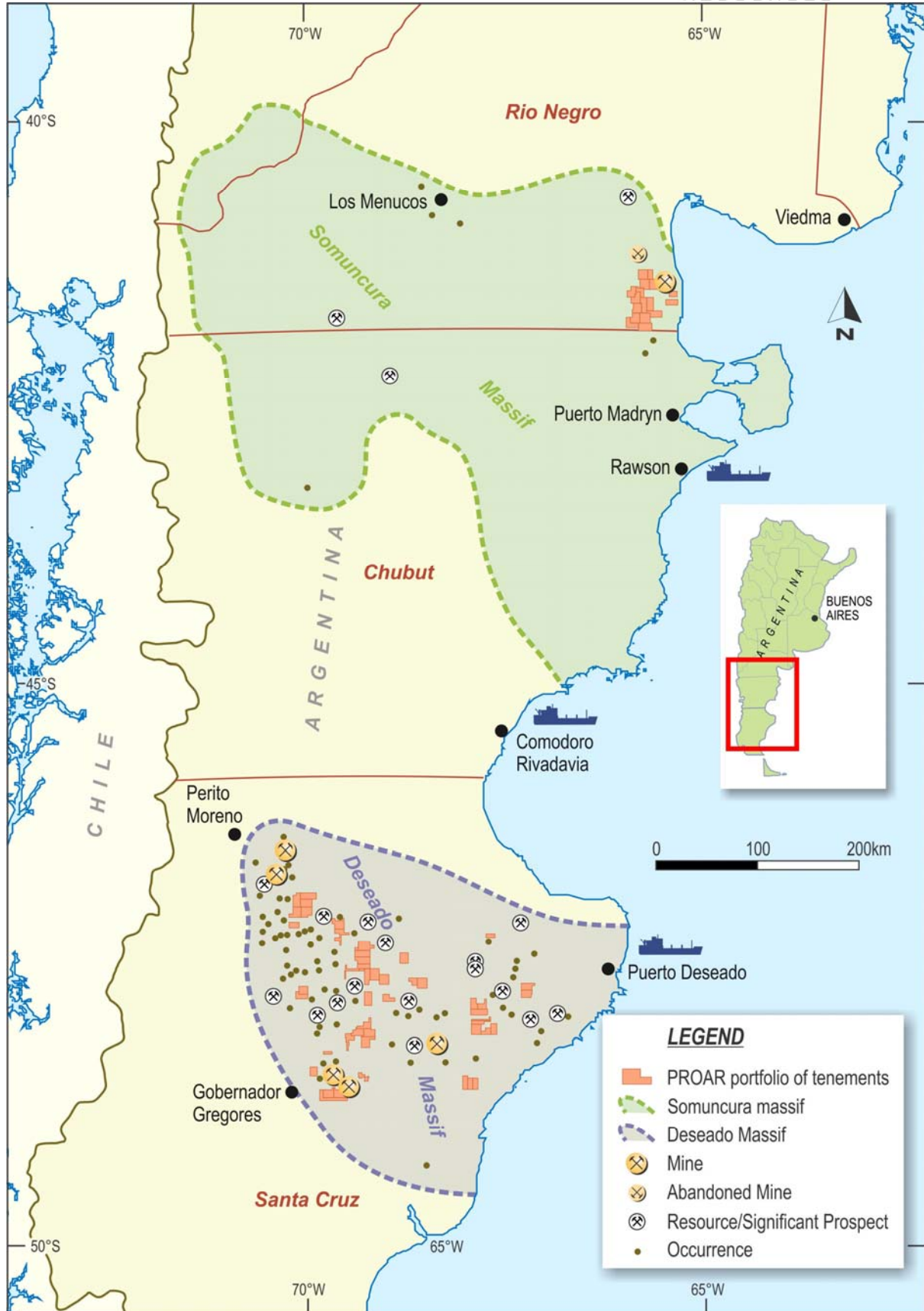


Figure 5: Location of PROAR tenements within Argentina

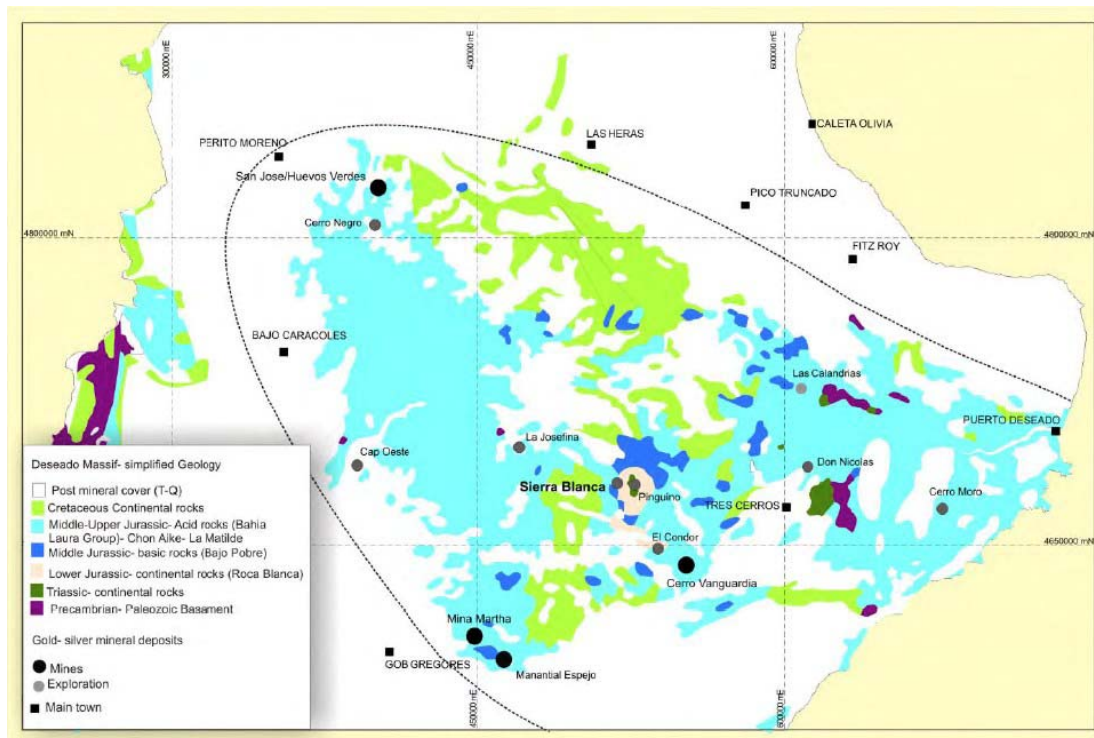


Figure 6: Regional geology of Santa Cruz and the major gold deposits and mines

Los Domos Gold Project

Los Domos Project – Santa Cruz Province, Argentina

The Los Domos Gold Project is located in the central-eastern region of Santa Cruz Province, Argentina (refer **Figures 1 and 7**). Dark Horse is earning an interest in the property through a series of vendor payments and expenditure commitments.

Dark Horse secured an additional lease (Amalaya) within the Los Domos gold portfolio during the quarter (refer **Figure 8**), which expanded the footprint to 20,000ha and adds several promising exploration targets.

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

Within the project area, several exploration targets were visited during a field program, with the most prominent target being La Punta (**Figure 8**), which covers an ellipsoidal area approximately 1,000m x 500m at the intersection of two structural corridors. Of the nine (9) rock chip samples, six (6) were anomalously high in gold, with the two (2) highest returning 1.57 g/t Au, 56.7 g/t Ag (sample DH007) and 0.92 g/t Au, 13.8 g/t Ag (sample DH008). Both samples also returned high

arsenic values (74 and 624 ppm respectively) and sample DH008 gave elevated mercury content (20 ppm).

These results (along with low base metal values) suggest that these surface outcrops (mostly on tops of hills) are high in the epithermal system. Also, there was evidence (again on the tops of hills) of very siliceous rock akin to siliceous “sinter” indicative of the top of low sulphidation epithermal systems. Such “sinters” generally carry very low values of gold and silver. In such epithermal systems higher grades (to very high grades) can occur some few hundreds of metres below the “sinter” zone. With the topographic relief at Los Domos in the 200+/-metre range higher grade Au-Ag zones might be expected to occur perhaps 100m to 200m below the tops of the hills within shallow drilling range.

Lag (soil) samples were assayed on fraction sieved over 4.7mm and under 4.7mm. Assays results for bigger fractions did not return precious metal anomalous values, but fractions under 4.7mm returned 60 ppb (DH-003), enough evidence to confirm that precious metal mineralization is present also on Lag samples.

The mineralization model corresponds to an epithermal Low-Sulphidation system (G. Corbett 2005, R. Sillitoe 2010, et al.) emplaced within a rhyolite dome complex and epithermal quartz-chalcedony vein / breccia systems, similar at Las Calandrias prospect from Mariana Resources, immediately south of Los Domos (**Figure 9**).

The conclusion reached by the field visit is that the assay results (particularly the two best rock chip results near the “sinter” as described) is consistent with the geological model and generally indicative of much higher gold grades to be found below and at modest depths.

Examination of the hand specimens of rocks at the sample sites shows evidence of hydrothermal alteration (patches of white clay) and mineralization (vuggy areas with micro quartz crystals, iron oxide staining and microboxworks after sulphides). Such features re-inforce the interpretation that the area is highly prospective.

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

Government approvals for field based exploration work have recently been received and work on the property will commence this year. The exploration program consists of satellite imagery interpretation (concentrating on delineating structural elements of the geology and mineralization alteration manifestations) followed by “ground truthing” with field geological mapping, rock chip and channel chip sampling and multi-element analyses. Appropriate geophysical techniques are being investigated for suitability to the Los Domos mineralisation style and will be implemented, with drilling planned for 2018. Experienced consultants are being engaged for this work.



Figure 7: Location of the Los Domos Project with other significant gold projects.

The Los Domos vendor group has offered Dark Horse several other gold properties, which the Company is currently reviewing.

During the Quarter the Company relinquished any interest in the Pico Quemado Coal Project due to poor quality results from its previous drilling campaign. Dark Horse intends to establish a separate company to progress independent power development projects, which will include the Argentine Pico Power Project. This will allow Dark Horse to concentrate on its large portfolio of mineral properties - the San Luis and Cordoba Lithium and Santa Cruz gold projects. Dark Horse will transfer its interest in the Pico Project into the new company for a satisfactory equity stake reflecting the expenditure incurred to date and the intellectual property it has developed over the past several years in progressing the project.

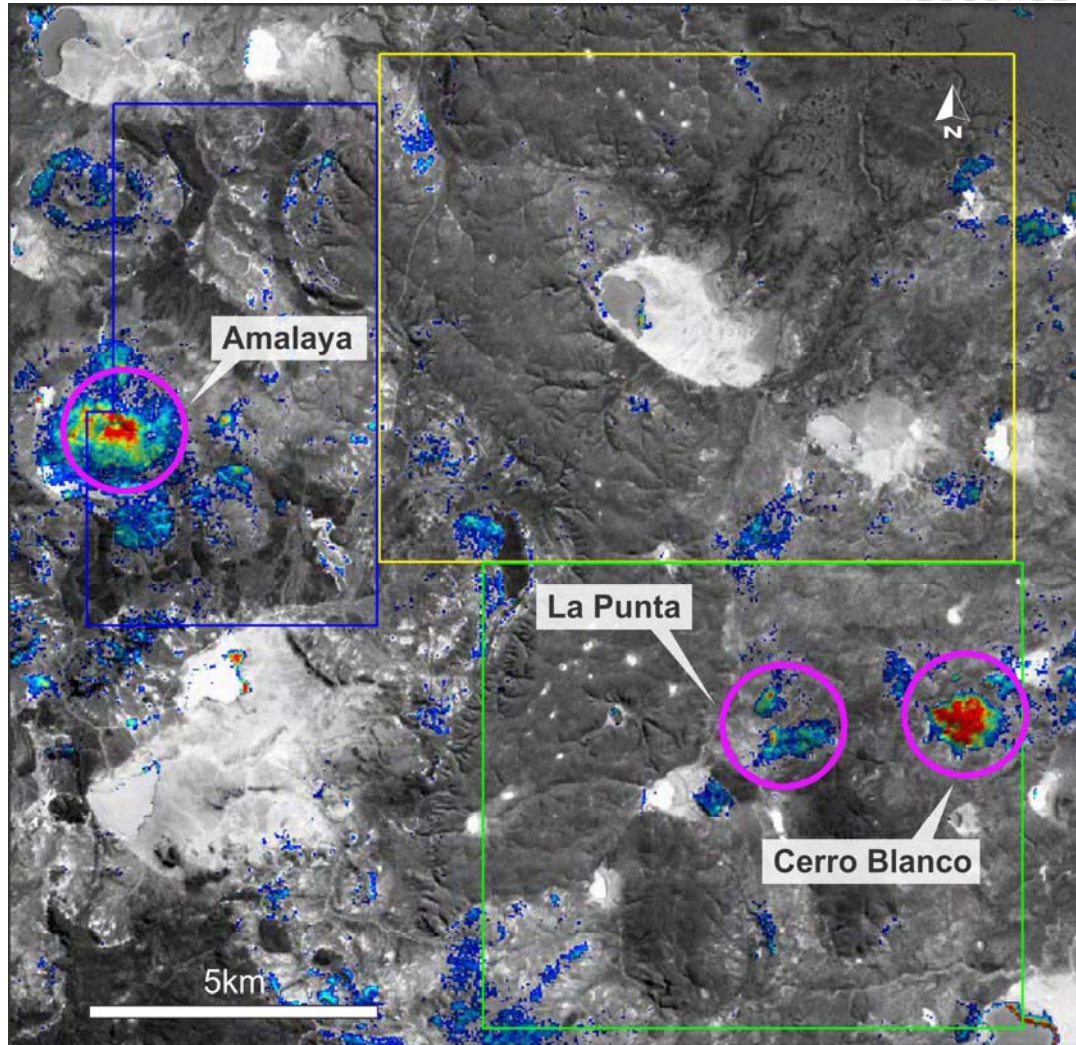


Figure 8: Los Domos mineral targets identified from remote sensing alteration evaluation – from left to right: Amalaya, La Punta and Cerro Blanco.

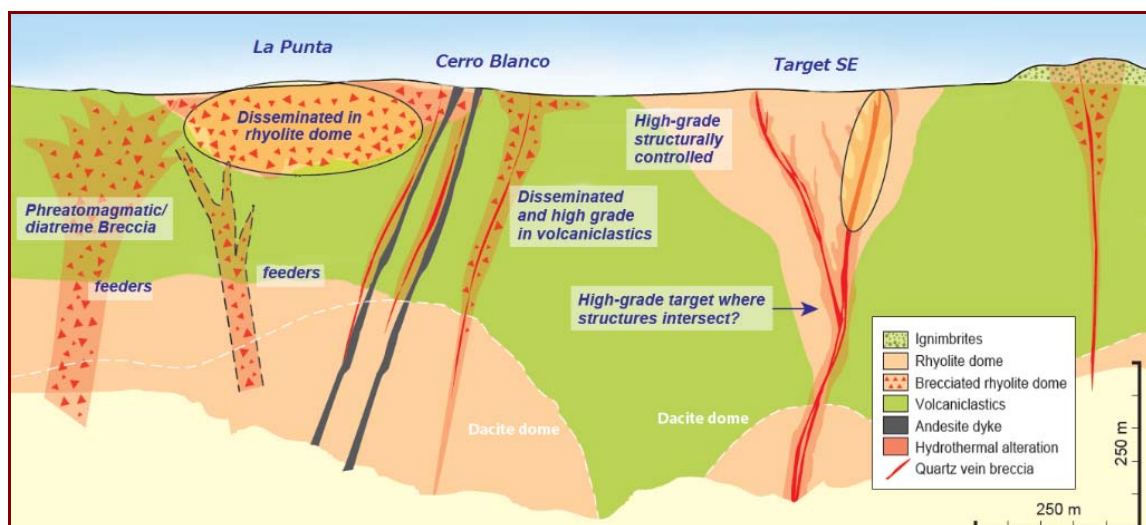


Figure 9: Mineralization model (modified from Mariana Resources Las Calandrias mineralization model)

CORPORATE ACTIVITIES

Entities associated with Company Director Neil Stuart, and Company Director David Mason have both provided unsecured loans to the Company, each on commercial terms for working capital purposes. These Directors, together with DGR Global, have agreed to continue to support the Company financially whilst funding options are being considered. Interest is payable on the loans at the rate of 9.5% per annum, as previously advised to the market. Furthermore, DGR Global and the Board of Directors have agreed that no amounts owed to them by the Company are payable until such time as the Company has sufficient working capital resources as a result of a capital raising or via cash flow.

INTERESTS IN TENEMENTS

Refer Appendix A to this report.

Competent Persons Statement

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

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

Forward Looking Statement

This announcement may contain certain statements and projections provided by or on behalf of Dark Horse Resources Limited (Dark Horse, the Company) with respect to the anticipated future undertakings. These forward-looking statements reflect various assumptions by or on behalf of the Company. Accordingly, these statements are subject to significant business, economic and competitive uncertainties and contingencies associated with exploration and/or mining which may be beyond the control of the Company which could cause actual results or trends to differ materially, including but not limited to price fluctuations, exploration results, reserve and resource estimation, environmental risks, physical risks, legislative and regulatory changes, political risks, project delay or advancement, ability to meet funding requirements, factors relating to property title, native title and aboriginal heritage issues, dependence on key personnel, share price volatility, approvals and cost estimates. Accordingly, there can be no assurance that such statements and projections will be realised. The Company makes no representations as to the accuracy or completeness of any such statement of projections or that any forecasts will be achieved.

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Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in Dark Horse.

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APPENDIX A TO QUARTERLY ACTIVITIES REPORT

INTEREST IN TENEMENTS HELD IN THE QUARTER

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

Australian Tenements

All of the Company's Australian tenements were relinquished or disposed of during the quarter.

Tenements previously held in Australia have all been disposed of or relinquished.

Argentinean Tenements

Marayes Coal Project

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

Pico Quemado Coal Project

During the quarter, the Company **relinquished** any potential interests in the following tenements related to the Pico Quemado Coal Project:

Tenement	Location	Current Holder	% Interest
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%

Pampa Litio Lithium Projects

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

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

Los Domos Gold Project

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

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