



Quarterly Activities Report for the Period Ended 30 June 2018

DARK HORSE RESOURCES LTD

ASX Code: DHR

Shares on Issue

1.9 billion

Market Capitalisation

A\$32.3m (at A\$0.017 per share)

Directors

Nick Mather (Non-Executive Chairman)

David Mason (Executive Director)

Brian Moller (Non-Executive Director)

Neil Stuart (Non-Executive Director)

Jason Beckton (Non-Executive Director)

Company Secretary

Karl Schlobohm

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HIGHLIGHTS

- Las Tapias mine environment drilling permits received in May 2018 and diamond core drilling program commenced.
- A total of 18 diamond drillholes for a total of 1,820 metres have been completed as part of the planned initial 3,000 metre program.
- Las Tapias mine initial assay results received from ALS in late July for the first five (partial) drillholes only.
- Geological exploration program commenced at the El Totoral licence in San Luis Province to delineate definitive drilling targets over a suite of spodumene bearing pegmatites.
- Drilling at El Totoral to commence when environmental drilling permits are received from the government authorities.
- The Company entered into an agreement to acquire the highly prospective Cachi Mineral Project in the Santa Cruz province of Argentina.
- La Punta target lag (soil) sampling and a shallow trenching program completed at the Los Domos Gold project.
- Dark Horse Energy Holdings examines energy project opportunities in gas and concentrated solar thermal.
- Lakes Oil court case against the Victorian State Government heard on 15 March 2018 and judgement is awaited.
- Mr Jason Beckton appointed to the Dark Horse Board as a Non-Executive Director.
- Company raised \$4m by way of private placement together with a further \$895,000 under a Share Purchase Plan.
- New project opportunities continue to be reviewed.

REVIEW OF PROJECTS AND ACTIVITIES

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

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

Dark Horse is run by an experienced Board and management team, with significant combined project generation and exploration, South American, capital market, legal, financial and corporate management experience:

- Company Director Neil Stuart was a founding Director of Oroplata Ltd which acquired the Cerro Negro Epithermal Gold Project in Argentina and advanced the project until the company merged with Andean Resources Ltd, which was itself taken over by the large Canadian miner, Goldcorp in 2010 for \$3.7 billion. Mr Stuart was also a co-founder of ASX and TSX listed Orocobre Limited, which developed the Argentinean Salar Olaroz Lithium Project, and which is now producing battery grade lithium carbonate.
- Dark Horse 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 and stakeholders. 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 formally 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 35 years throughout Australasia, Asia, Southern Africa and South America.
- Jason Beckton recently joined the Dark Horse Board as a non-executive director to add to the Company's technical and commercial base and has over 25 years of geological and corporate experience throughout Australia, the Americas, China and Europe.
- Brian Moller rounds off the Board composition. He is a corporate partner in the Brisbane based law firm HopgoodGanim and acts for many public listed resource and industrial companies. Brian brings a wealth of experience and expertise to the board particularly in the corporate regulatory and governance areas.

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

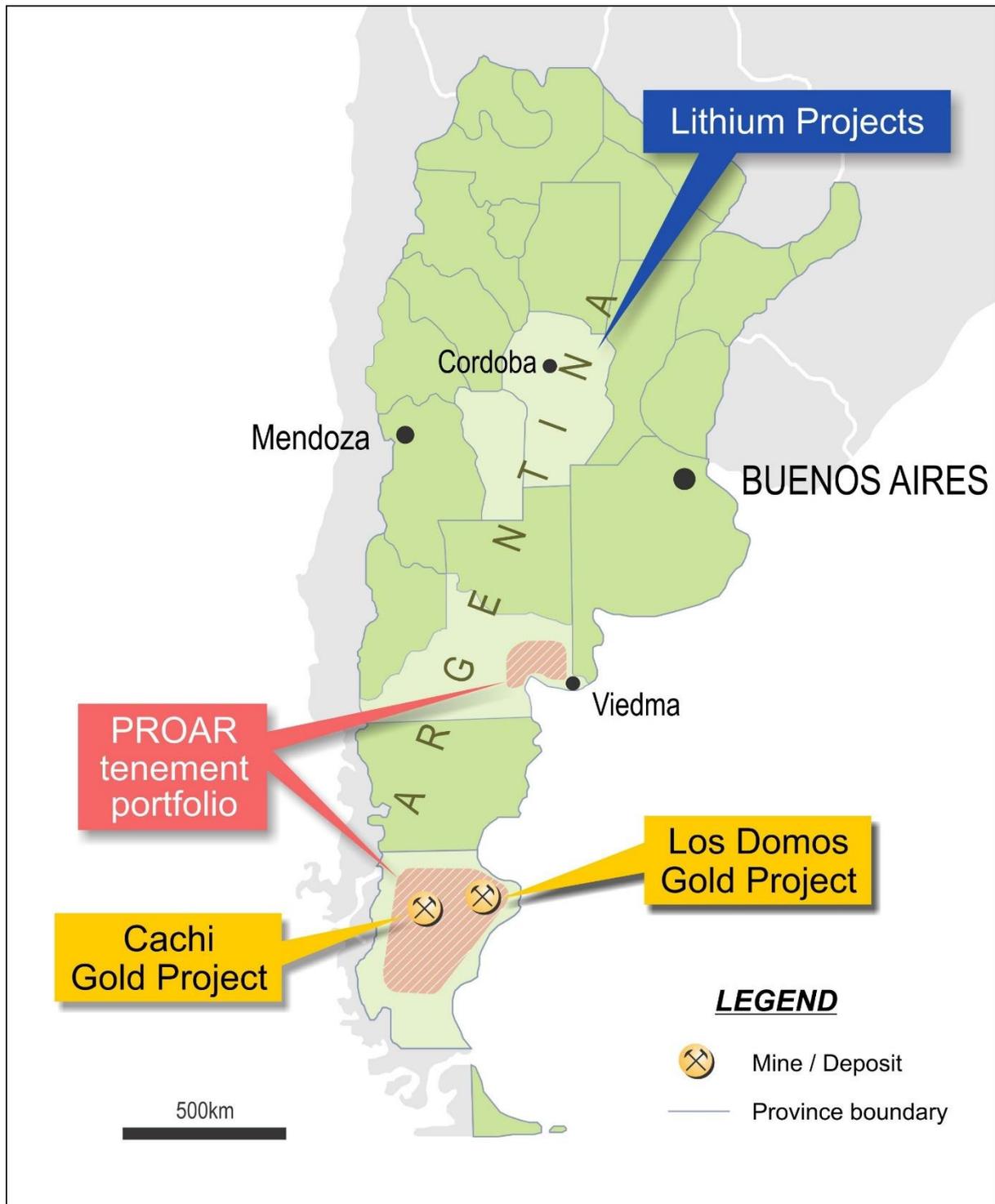


Figure 1 - Location of Dark Horse's mineral projects in Argentina

A. Argentinian Lithium Projects

The Company holds an extensive portfolio of lithium projects in the provinces of San Luis and Cordoba shown in **Figure 2**, through an agreement to acquire Argentinian company, Pampa Lito SA. Dark Horse currently owns 25% of Pampa Lito SA and is continuing its progressive acquisition of the company.

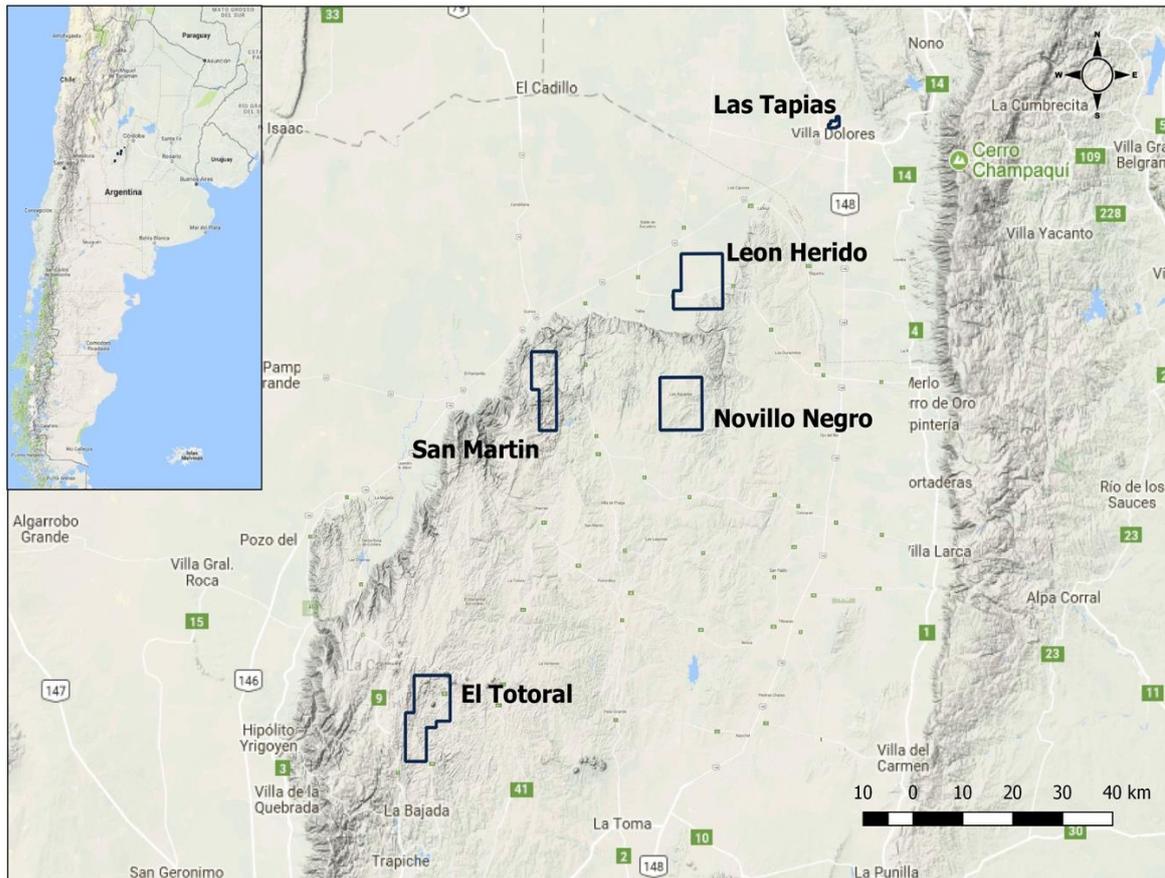


Figure 2 - Location of Dark Horse Lithium projects in Argentina

Pampa Lito holds an agreement to acquire the Las Tapias Mine from the family owners, who use the pegmatite to produce mica for industrial domestic use. The Las Tapias Mine is a historic mine which was principally operated for the production of Beryl and more recently industrial minerals. From the old underground workings and rock samples, Dark Horse has identified the pegmatite as having Lithium Spodumene content and has commenced exploration drilling (refer ASX announcement 25 July 2018). The aim of the exploration program is to determine a sufficient resource to enable and economically warrant the early production of spodumene concentrate in the Las Tapias Mine area.

The El Totoral licence in San Luis Province is believed to be a significantly larger pegmatite complex which has previously been discovered with some good Lithium Spodumene grades from representative surface rock chip samples (refer ASX announcement 5 March 2018). Dark Horse has commenced a program to delineate definitive drilling targets over a suite of the more prospective spodumene bearing pegmatites, which will then be implemented when environmental permits are received from the government authorities.

Dark Horse's overriding objective remains the discovery and definition of a large lithium rich pegmatite resource, develop mines to produce lithium ore, and ultimately a production facility in Argentina manufacturing battery grade lithium hydroxide for sale into the international battery and electronic markets. Future sales may extend into a new domestic market for lithium products as the economy in Argentina continues to transform under the market-reformed current administration. Dark Horse is supported in its aggressive business strategy and model from the current trend in some of the major countries of the world of 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.

[Las Tapias](#)

Dark Horse received the environment drilling permits in May 2018 and commenced drilling at the Las Tapias Mine shortly after. A total of 18 diamond drillholes for a total of 1,820 metres have been completed to date as part of a planned initial 3,000 metre program.

Please refer to **Figure 3** for drillhole locations and **Table 1** for the drillhole summary statistics.

Initial assay results from the drill core have been received from ALS for the first four drillholes, LT-18-01 through to LT-18-04, and partial results for LT-18-05. Sampling was carried out on a non-selective (representative) basis at mostly one metre intervals irrespective of lithology. Please refer to ASX announcement 25 July 2018 for the complete results of the major minerals and elements.

The assay results included drillhole LT-18-04 which intersected the Spodumene zone in the pegmatite where an average grade of 0.6% Li₂O was recorded over 17.3m, including 1.7% Li₂O over a 5-metre interval. A maximum value of 2.95% Li₂O was recorded from this hole. Drillhole LT-18-03 returned 9m @ 0.3% Li₂O including 1m @ 2.1% Li₂O.

Some high Beryllium and Tantalum results were recorded in the core samples – up to 9,810ppm Be (drillhole LT-18-04 sample 2356) and up to 154ppm Ta₂O₅ (drillhole LT-18-04 sample 2345).

Detailed evaluation of the results is being carried out to better understand the genesis, structure and mineralisation of the Las Tapias pegmatite. Lithological and assay results of core from all drillholes is required before conclusions can be drawn, and to assist in the planning of the forward program.

A Reverse Circulation drilling rig has been contracted from Energold Argentina SA, the same drilling services company providing the diamond drill rig. This drilling will commence early August 2018 to test the lithium grades at depth of several large waste dumps that have previously been identified and sampled at surface at the Las Tapias Mine (refer ASX announcement 25 January 2018).

Meetings were held with senior Cordoba Government officials to discuss the Las Tapias Mine project and the potential for future development in the region, should a commercial Spodumene resource be proven.

[El Totoral](#)

During the quarter geological exploration was carried out at the Company's El Totoral licence in San Luis Province where a large pegmatite complex has previously been discovered with some good Lithium Spodumene grades from representative surface rock chip samples (refer ASX announcement 5 March 2018). The objective of the geological exploration program is to delineate definitive drilling targets over a suite of the more prospective spodumene bearing pegmatites, which will then be implemented when environmental permits are received from the government authorities.

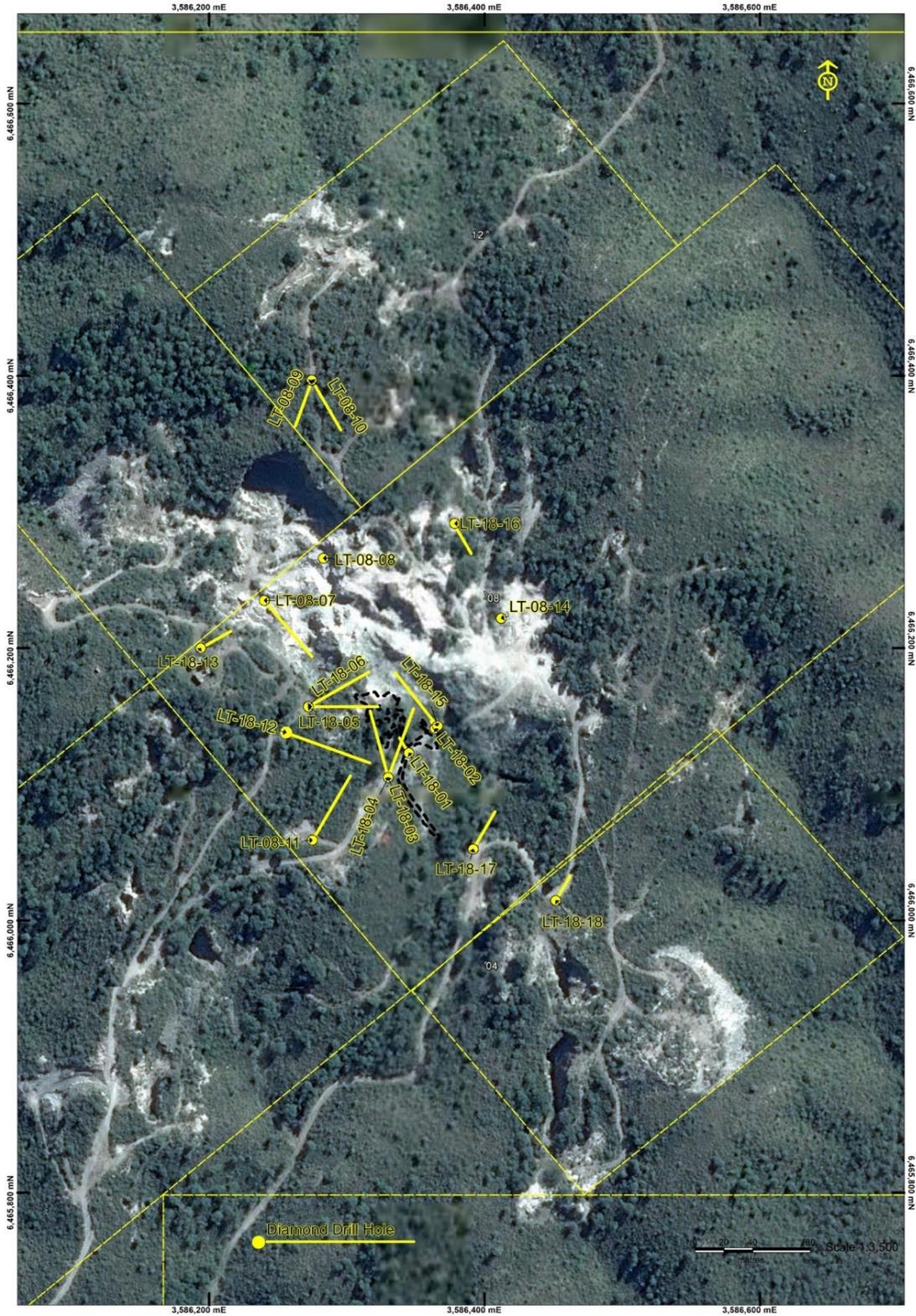


Figure 3 – Las Tapias drillhole location map.

Table 1 - Las Tapias Summary Drillholes

Drillhole	Azimuth Degrees	Incline Degrees	Depth m	Easting m	Northing m	RL m	Pegmatite intersection m
LT-18-01	330	-60	25.5	3586345	6466123	724	abandoned
LT-18-02	330	-60	10.2	3586364	6466141	722	abandoned
LT-18-03	20	-60	108.1	3586330	6466105	725	14.8
LT-18-04	345	-60	101.4	3586330	6466105	725	30.1
LT-18-05	90	-60	103.4	3586272	6466157	739	54.7
LT-18-06	60	-60	102.1	3586272	6466157	739	63.8
LT-18-07	140	-60	108.5	3586240	6466235	721	83.5
LT-18-08	0	-90	100.5	3586283	6466266	723	14.2
LT-18-09	200	-70	105.0	3586275	6466397	749	16.0
LT-18-10	150	-70	121.5	3586275	6466397	749	15.8
LT-18-11	30	-65	129.0	3586275	6466059	729	10.0
LT-18-12	110	-55	165.0	3586256	6466120	739	108.4
LT-18-13	60	-75	95.0	3586194	6466200	746	22.9
LT-18-14	0	-90	101.0	3586412	6466222	721	8.0
LT-18-15	322	-60	100.0	3586364	6466141	722	29.8
LT-18-16	150	-75	100.0	3586378	6466291	727	0
LT-18-17	30	-75	127.0	3586391	6466052	701	26.0
LT-18-18	30	-80	117.0	3586451	6466014	708	0

B. Argentinean Gold Projects

Dark Horse has a portfolio of prospective gold projects in Argentina, namely the Los Domos project and the Cachi Gold project in Santa Cruz province and the PROAR suite of properties in both the Santa Cruz and Rio Negro provinces (refer **Figure 4**).

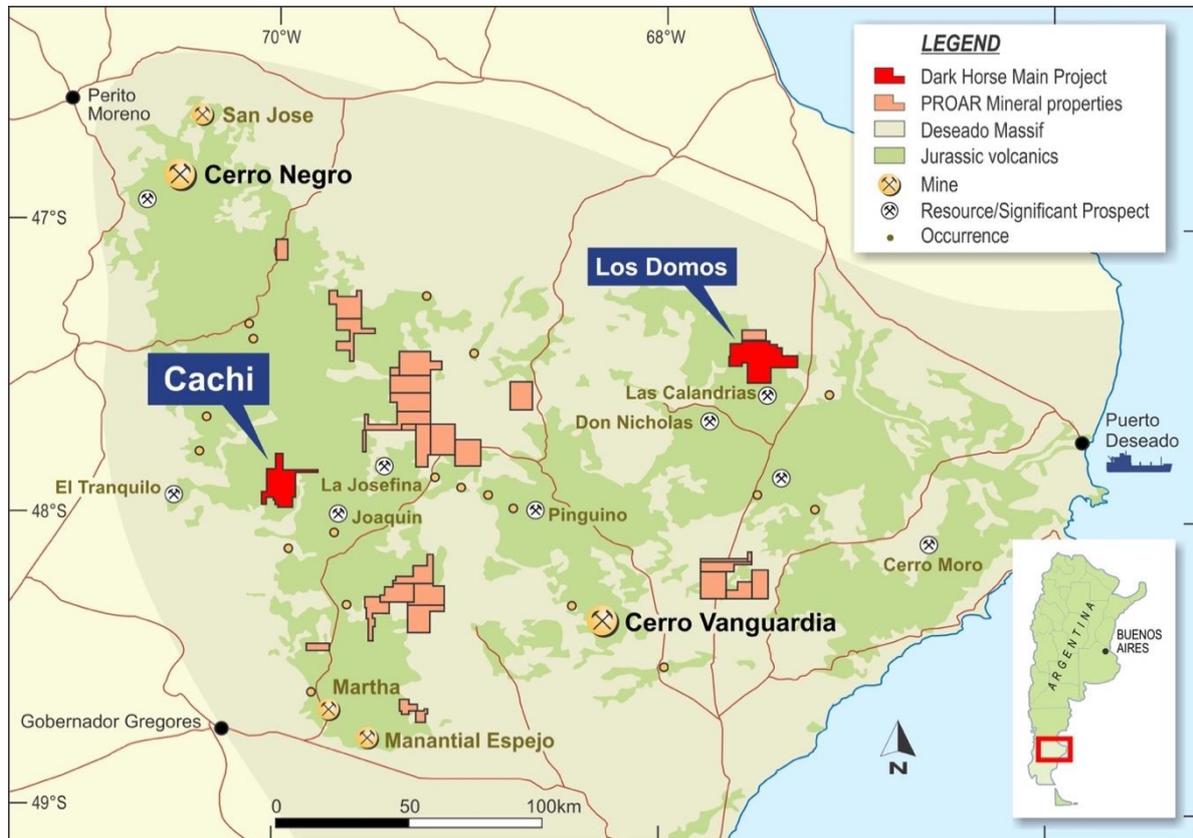


Figure 4: Location of Dark Horse’s gold projects in the province of Santa Cruz, including the Cachi, Los Domos and the PROAR properties (orange coloured leases). The main epithermal deposits of gold and silver are housed in the Jurassic volcanics of the Chon Aike Formation (olive green colour).

Los Domos

The Company holds five adjacent exploration licences which make up the Los Domos project (refer **Figures 4 and 5**). The initial, main target area identified from prior exploration works is La Punta. These prior works involved detailed geological mapping to a scale of 1:5,000 and identified lithological units, structure and mineralization. The works concluded that the La Punta deposit shows strong indications of a mineralized rhyolitic dome - epithermal vein system.

Recent exploration has been carried out over the La Punta target during the quarter including lag (soil) sampling and a shallow trenching program. **Figure 6** below shows the location of the lag samples and trenches.

Assay results from the lag (soil) sampling (125 samples) and a trenching program (138 rock chip samples from eight trenches) at La Punta have been received and evaluated (refer ASX release 30 July 2018).

Mapping within the trench's show there is an over imposition of hydrothermal alteration with silicified structures made up of sets of parallel thin veinlets. Gold and silver values were not high (up to 0.99 ppm gold and 4.62 ppm silver) however anomalous arsenic, mercury and antimony were recorded (up to 1460 ppm arsenic, 1.92 ppm mercury and 41.3 ppm antimony), providing reasonable indication the surface expression of La Punta is at the shallowest levels of a low temperature geothermal low sulphation system.

Surface exploration work has now been completed and drilling is the next phase of work to be carried out which is being contemplated for the Argentine spring in September 2018.

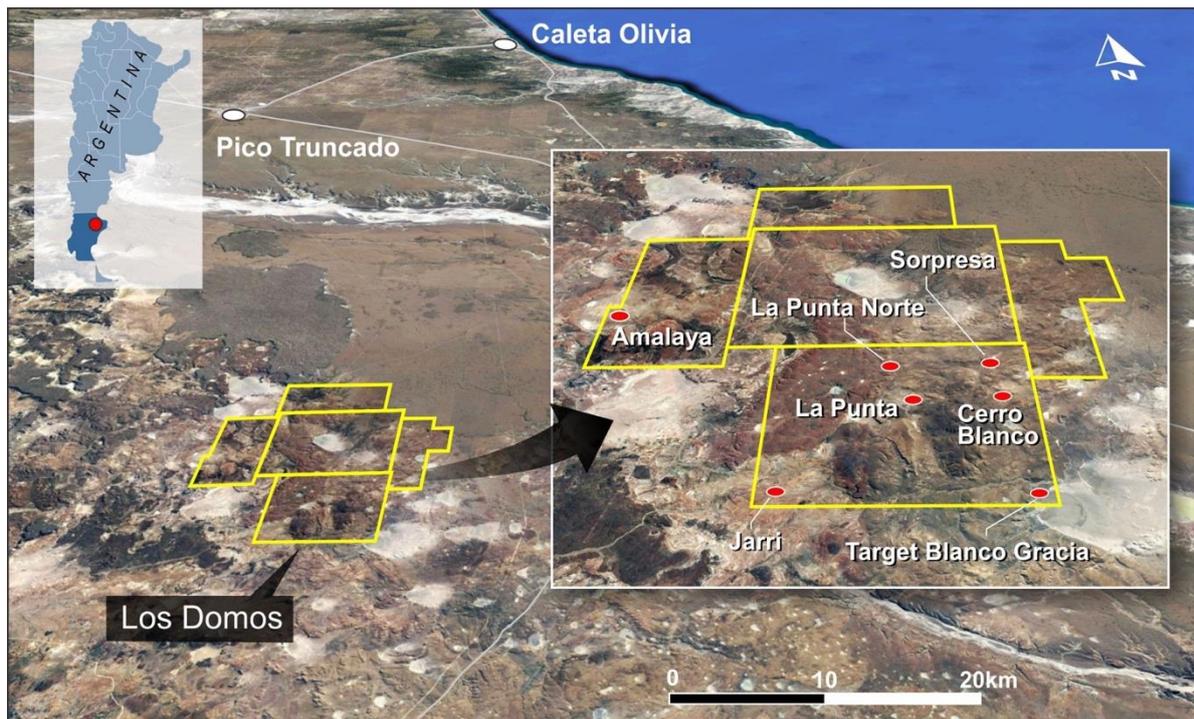


Figure 5: The location of the Los Domos portfolio of leases and the current main exploration target areas.

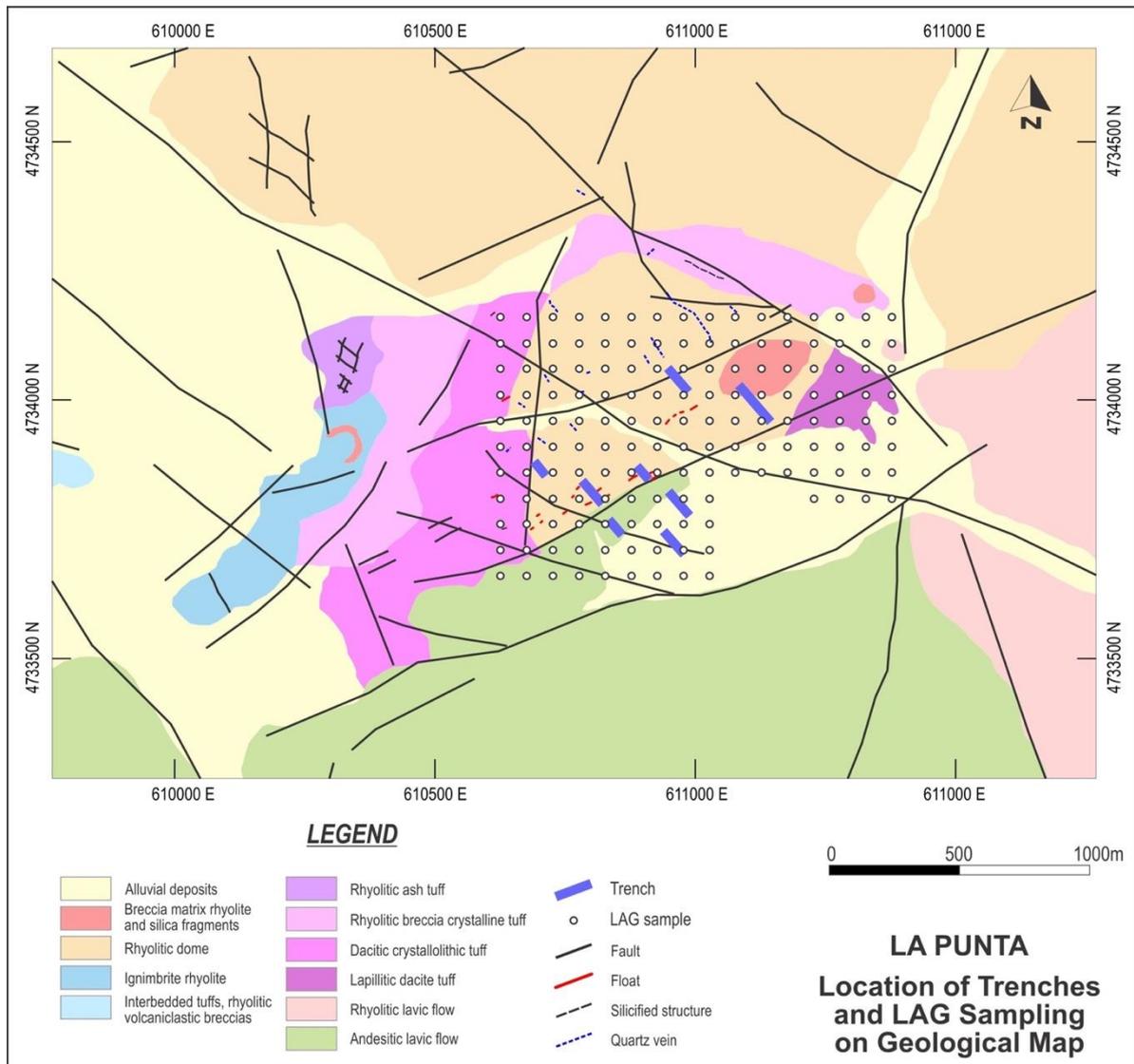


Figure 6: The location of lag samples and trenches at the La Punta target area plotted on the geological map.

Cachi

Dark Horse entered into an agreement to acquire the Cachi gold project this quarter (refer ASX release 14 June 2018). The Cachi project is a 17,300ha lease located in the central-western region of Santa Cruz province, Argentina (refer **Figure 4**). It is in the western region of the Deseado Massif, a plateau dominated by volcanic and volcanoclastic rocks of acid and basic compositions of Jurassic age, which hosts world class epithermal deposits of gold and silver including Cerro Vanguardia and Cerro Negro.

The Cachi Project is bordered to the west by Circum Pacific’s Sierra Morena Project and to the east by Goldcorp’s Las Mellizas Project, and is close to Panamerican Silver’s advanced Joaquín and Cose projects.

The Cachi Project has not been explored comprehensively. IamGold carried out general reconnaissance exploration, and De Grey Mining carried out rock chip and lag sampling, geophysics and drilled several diamond holes in the vein breccia zone target of the adjacent Sierra Morena Project (refer **Figure 7**). From this earlier work and the work conducted by the current vendors Tres Cerros,

two primary targets have been identified to date: Morena and Vetás Cachi; together with secondary targets at Vetás NW, Cachi Central, Los Bloques and Cachi Norte (refer **Figure 8**).

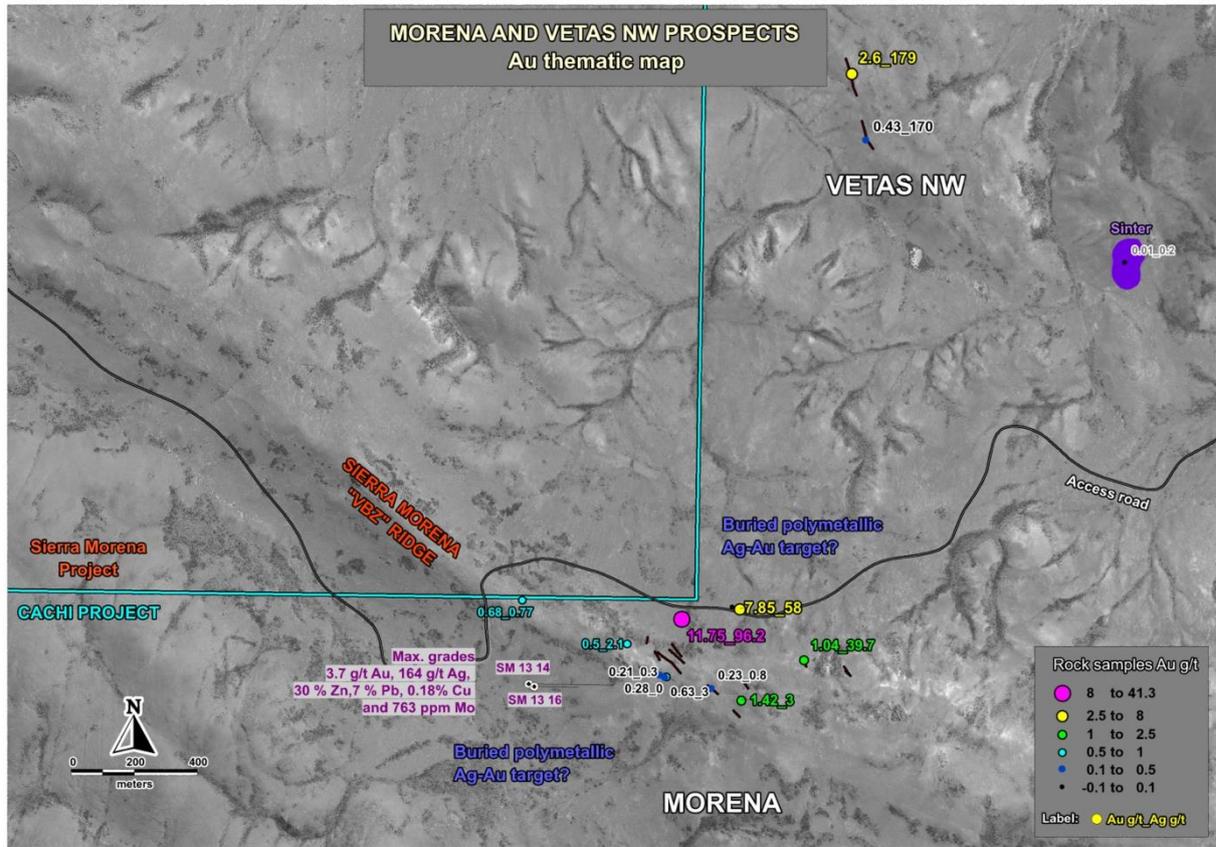


Figure 7: The Cachi Morena target, an extension of the adjacent third-party Sierra Morena Project. The diagram highlights the northwest oriented ridge vein breccia zone (VBZ) target of the Sierra Morena Project. Gold grade results of rock chip samples and drill holes are marked on the figure. Grade results of the Vetás NW target are also shown.

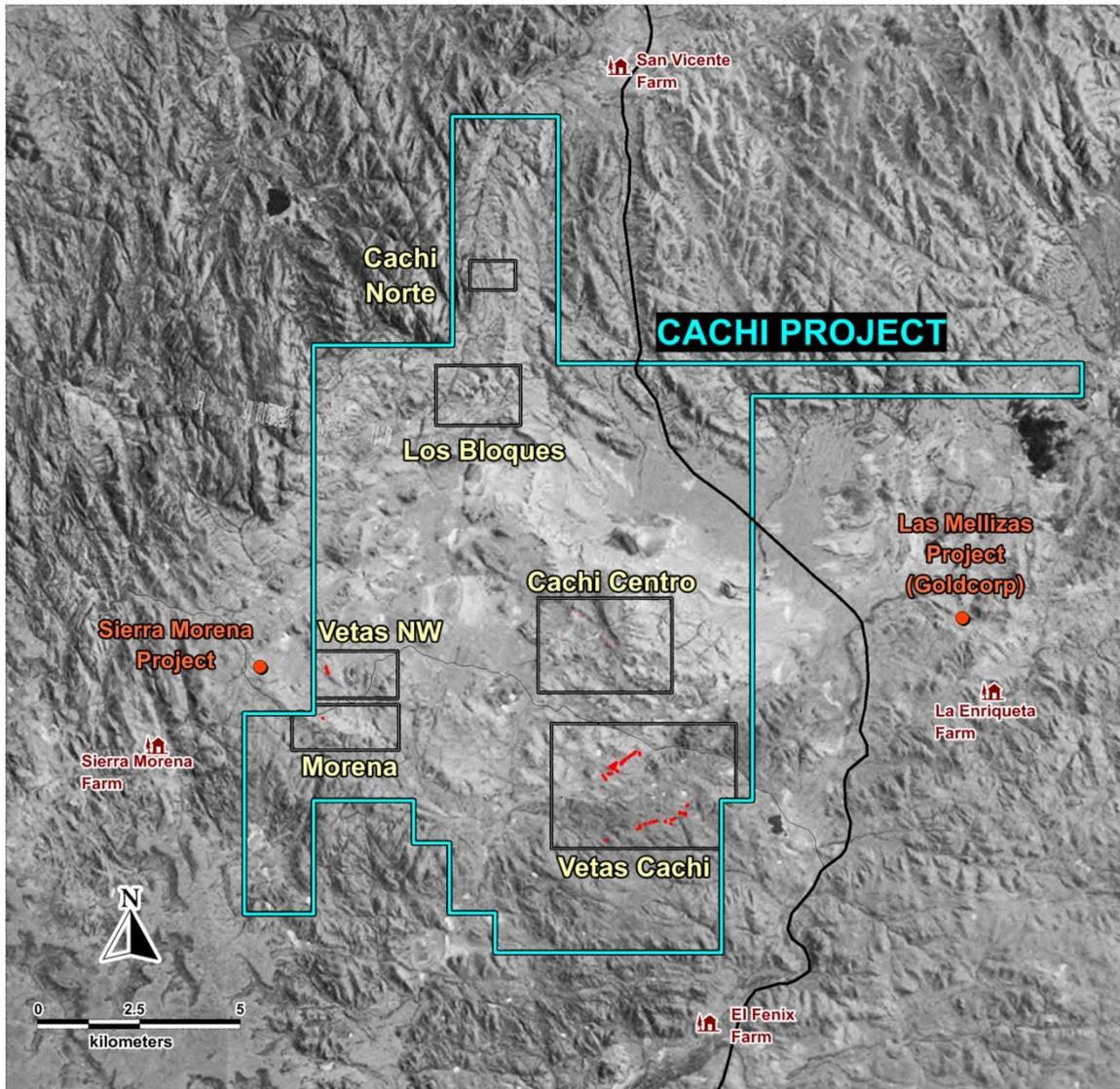


Figure 8: Cachi Project exploration licence, showing the target areas (yellow) and nearby projects held by other companies (orange).

During the quarter Dark Horse prepared a comprehensive database of exploration information which has allowed it to design an aggressive program including mapping, sampling, trenching and geophysics to define drill targets. The Company plans to commence this field work in the Argentine spring (commencing September 2018).

PROAR

The PROAR lease package consists of a total of 40 exploration leases covering 318,500 hectares in both the Santa Cruz and Rio Negro provinces (refer **Figures 1 and 4**). The Company has been focusing this quarter on the main priority targets in Santa Cruz.

Various reconnaissance field visits have been made through the province with the most recent focusing on the Cerro Latoba suite of exploration leases which lies to the east of Cachi and immediately north of the La Josefina deposit (refer **Figure 4**). A significant amount of the lease area is covered by a thin layer of basaltic volcanics. Dark Horse has investigated the use of biochemical surveying to provide

a window through the basalt. A preliminary orientation survey has been carried out and plans are being formulated to continue field work following winter later this year.

Dark Horse is in the process of carrying out reconnaissance level prospecting (entailing various field work programs) with the view to being able to rank the prospectivity of the properties. Very little work has been previously carried out on any of the properties (other than identifying that they are located in areas of general prospectivity for epithermal style gold-silver mineralisation). The Company expects to be able to cull several areas from the results of this process and define the higher priority areas in which future work programs will be concentrated.

C. Dark Horse Energy Holdings

Dark Horse Energy (DHE) continues its preliminary project scoping and conceptualisation work in relation to potential project opportunities in Queensland and Victoria in Australia, and Argentina.

Focus continues on gas fired generation projects for peaking power to compliment the growing number of renewable projects being developed on the east coast of Australia.

DHE has also started initial discussions on concentrated solar power opportunities, namely:

- the development of small scale solar thermal (3 – 5 MW) projects for the production of heat/steam in agribusiness processing to substitute high cost gas.
- Development of a pilot 10MW (leading to a 100MW) concentrated solar power project with energy storage. Financial support will be sought from State and Federal Government agencies.
- DHE is also looking at possible co-investment in a business of design and manufacturing in Australia of the patented parabolic troughs used in the above power projects.

D. Interest in Lakes Oil NL

Dark Horse Resources currently holds 9.6 billion ordinary shares (approx. 33%) in ASX-listed Lakes Oil NL. Dark Horse converted its 40,000 unlisted, interest-bearing Convertible Notes to 363,640,000 ordinary shares on 07 June 2018.

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

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

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

Lakes Oil Chairman, Mr Chris Tonkin has said that "Lakes Oil looks forward to having this matter finalised so the Company can quickly resume exploration activity and, on the basis of independent

expert advice, prove up reserves of has that can be very quickly brought on line to help ease the gas and electricity price burdens presently plaguing Victorian industry and households.”

E. New Project Opportunities

Given Mr Stuart’s established Argentinean project pedigree, and given the amount of time spent in-country by Managing Director, David Mason, Dark Horse 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 and the five (5) new lithium leases were secured by Dark Horse as a result of this process.

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

CORPORATE ACTIVITIES

As announced on 17 April 2018, Mr Jason Beckton was appointed as a Non-Executive Director of the Company.

Mr Beckton holds a BSc (Hons) from the University of Melbourne and a Masters in Economic Geology from the University of Tasmania. He has over 25 years of geological and corporate experience throughout Australia, the Americas, China and Europe. Mr Beckton’s experience to date includes:

- Managing the discovery of Exeter Resource Corporation’s 30 million ounce gold equivalent Caspiche Porphyry Project in the Maricunga Gold Copper Belt of Chile.
- Appointment as Project Manager for Bolnisi Gold N.L.’s Palmarejo silver gold project in Mexico and managing the program which grew the resource base to over 3 million ounces gold equivalent.
- Appointment as Managing Director of ASX-listed Chinalco Yunnan Copper Resources which explored in the Mt Isa, Lao and Chilean copper districts.

Mr Beckton is currently the founder and Managing Director of Prospech Limited, exploring gold and silver projects in Central Europe. He is also a Director of Redhill Australia Pty Ltd, which has developed and sold companies in the Magallanes and Ibanez districts of southern Chile, and of Sambas Energy Pty Ltd, which purchased the coal assets of Tigers Minerals in southern Chile and subsequently optioned them to an ASX-listed company.

Mr Beckton’s strengths are in developing resource assets through the value chain from discovery to resource definition which will benefit the future growth of Dark Horse as it transitions from exploration to resource definition and commercial development. He speaks fluent Spanish and has a detailed understanding of Argentinean culture and social systems.

The loans previously made available to the Company by Mr Stuart, Mr Mason and DGR Global were repaid by way of share issue on 19 April 2018, following approval granted by shareholders at the Company’s EGM which was convened on 6 April 2018.

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

INTERESTS IN TENEMENTS

Refer Appendix A to this report.

For further information contact:

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Competent Persons Statement

The information herein that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Neil Stuart, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Neil Stuart is a Director of Dark Horse Resources Ltd. Mr Stuart has more than five years experience which is relevant to the style of mineralisation and type of deposit being reported and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (the JORC Code). This public report is issued with the prior written consent of the Competent Person(s) as to the form and context in which it appears.

Forward Looking Statement

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

Additionally, the Company makes no representation or warranty, express or implied, in relation to, and no responsibility or liability (whether for negligence, under statute or otherwise) is or will be accepted by the Company or by any of their respective officers, directors, shareholders, partners, employees, or advisers as to or in relation to the accuracy or completeness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this presentation or any omission from this presentation or of any other written or oral information or opinions provided now or in the future to any interested party or its advisers. In furnishing this presentation, the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

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

APPENDIX A TO QUARTERLY ACTIVITIES REPORT

INTEREST IN TENEMENTS HELD IN THE QUARTER

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

Argentinean Tenements

Marayes Coal Project

Dark Horse has relinquished all interests in this project.

Pampa Litio Lithium Projects

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

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

Los Domos Gold Project

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

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

Proar Gold Project

Dark Horse currently holds 100% of the following tenements in Argentina as part of the Proar Gold Project:

Tenement	Location	Project	Holder	% Interest
427.025/DG/11	Santa Cruz	Proar	Excarb SA	Earning up to 100%
427.026/DG/11	Santa Cruz	Proar	Excarb SA	Earning up to 100%
427.780/DG/11	Santa Cruz	Proar	Excarb SA	Earning up to 100%
427.783/DG/11	Santa Cruz	Proar	Excarb SA	Earning up to 100%

Numerous additional applications for the PROAR project portfolio are pending grant.