



## ASX Announcement

5 September 2018

### Execution of Exclusivity Agreement to Acquire the Highly Prospective San Jorge Lithium Brine Project in Argentina

#### Highlights:

- **Exclusivity Agreement executed for the acquisition of the highly prospective San Jorge Lithium Brine Project covering the San Francisco salar and salt lake basin in the Catamarca province of Argentina.**
- **15 granted Exploration Licences totalling 36,600 hectares over the San Francisco salar and surrounding basin with environmental permits granted allowing immediate commencement of exploration activities.**
- **The nucleus of the San Francisco salar is 7,000 hectares, which provides a sufficiently large exploration area to define a world class lithium brine deposit.**
- **Dark Horse has the option to earn 100% of the project for a series of staged payments over a 5 year period totalling USD4.5 million, together with annual exploration commitments totalling USD2.95 million.**
- **Catamarca province is very supportive of exploration activities and mining developments with companies including FMC, Galaxy, Posco and Albemarle currently exploring and/or operating.**
- **The San Francisco salar lies between the significant salars of Maricunga (Chile), 3Q, Anatofalla and Hombre Muerto (the later all in Argentina).**

Dark Horse Resources Limited (ASX:DHR; "DHR" or "Company") is pleased to announce that it has entered into an Agreement with an Argentine national, for the option to acquire up to **100%** of the San Jorge Lithium Brine Project in Argentina through a series of staged payments, earning equity progressively, totalling **USD4.5 million**. There is USD300,000 payable within the first six months, with increasing amounts each year totalling USD3 million for a 95% equity interest. Dark Horse then has the right to acquire the final 5% for USD1.5 million or allow the owner to continue with a 5% free carried interest. Dark Horse also has annual exploration commitments as outlined further below.

A brief update is also provided on Dark Horse's Las Tapias and other project activities in Argentina.



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The San Jorge Lithium Brine Project is a group of 15 granted Exploration Licences in Catamarca province, Argentina covering an area of 36,60 hectares over the San Francisco salar and salt lake basin. The nucleus of the salar is approximately 7,000 hectares in area and the project leases cover almost all of it. Additionally, all environmental permits are in place to allow detailed exploration to commence immediately.

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

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

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

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

Dark Horse plans to commence exploration immediately with a surface sampling program to understand the initial chemistry of the salar. Geophysics will be carried out in conjunction with this program to determine the size and geometry of the basin. This work is designed to define drilling targets, and in conjunction with pump tests, will allow definition of the complete hydrogeological conditions and mineralisation potential. Dark Horse has an in-house exploration and development team with substantial experience and expertise in the delineation and testing of lithium brines and will utilise this knowledge to fast track the program.

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

Dark Horse Director **Neil Stuart** said *"through the diligent efforts of Managing Director David Mason and Country Manager Mareclo Sanchez (an original Orocobre Manager and chemical engineer who oversaw the design and development of the Orocobre lithium carbonate processing plant) we are incredibly fortunate to have secured this salar in Argentina in the "lithium triangle" where competition for good properties is aggressive and incredibly expensive, if possible at all, as many are under the ownership of large corporations. The San Francisco salar has been mostly overlooked as there has been minimal grass roots exploration data available and we believe with some good quality, basic exploration techniques we have a good chance to prove up a potential new and viable source of lithium brine."*



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**Figure 1: Location of the San Jorge Project in Catamarca with the San Francisco salar and other major salars in the region.**



**Photos 1 & 2: The San Francisco Salar**



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## Deal Terms and Future Activities

The main commercial terms of the Exploration and Option Agreement to acquire the San Jorge Lithium Brine Project are:

Payment Scheme	Payments	DHR Equity Earn
Signing Fee	U\$20,000	
60 day DD and Contract execution	U\$100,000	
6 mths from start date	U\$180,000	10%
1 year from start date	U\$180,000	15%
2 years from start date	U\$270,000	25%
3 years from start date	U\$500,000	45%
4 years from start date	U\$800,000	70%
5 years from start date	U\$950,000	95%
Extra payment final 5%	U\$1,500,000	100%

Dark Horse is also required to make a series of expenditure payments on the project totalling USD2.95 million as follows:

Expenditure	Amount U\$
6 months	\$50,000
Year 1	U\$275,000
Year 2	U\$375,000
Year 3	U\$500,000
Year 4	U\$750,000
Year 5	U\$1,000,000

Dark Horse will undertake legal due diligence on the San Jorge Project over a 60 day period and finalise an Exploration with Option to Purchase Agreement with the vendor in that time. Dark Horse has already prepared an aggressive exploration program to fully test the lithium potential of the salar which shall commence immediately.

## Las Tapias and Other Argentine Project Activities

As previously reported, the Diamond and Reverse Circulation drilling program over the **Las Tapias** pegmatite and some of the historic mine waste dumps has been put on hold pending receipt, quality control and evaluation of all drill assay results. This is due to the long waiting period in receiving results from the overseas laboratories. This evaluation work is expected to be completed within before the end of September and the conclusions will then be reported to the market. A total of 18 diamond holes for 1,807m and 20 RC holes for 223m has been completed to date. A decision on the balance of the program will be made once the results have been interpreted and reconciled to the theoretical modelling of the mineralisation.

Geological reconnaissance continues at the Company's **El Totoral** licence in the San Luis Province 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.



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The Company is finalising program designs for the ongoing exploration of its gold properties in Santa Cruz and Rio Negro. Current work includes the following:

- Surface exploration of the La Punta target in the **Los Domos** concession, which has indicated the presence of a low sulfidation epithermal gold-silver deposit at moderate depth below. The Company is considering drilling this target following the Argentine winter.
- The **Cachi** project is a 17,300ha lease located in the central-western region of Santa Cruz province, Argentina. Dark Horse has prepared a comprehensive database of exploration information which has allowed it to design an aggressive exploration program including mapping, sampling, trenching and geophysics to define drill targets. The Company plans to commence this field work in the Argentine spring (September 2018).
- Dark Horse will continue exploration, entailing various field work programs, of the large suite of prospective epithermal style gold-silver **PROAR Santa Cruz** properties including the Cerro Latoba suite of exploration leases in September 2018.
- An historical exploration data package is being acquired for the **PROAR Rio Negro** properties and will be evaluated prior to designing field exploration programs.

Directors Neil Stuart and David Mason will be attending the Salta Conference in Argentina, and continuing to work on project development opportunities which may complement the Company's current stable of projects.



On behalf of the Board  
Mr Karl Schlobohm  
**Company Secretary**

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**About Dark Horse Resources**

Dark Horse Resources Ltd is an Australian, publicly listed mineral resource company (ASX: DHR), with a particular focus on Argentina, where it has invested in lithium and gold projects, with objectives to:

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

Dark Horse also has a power generation subsidiary, Dark Horse Energy and a substantial holding (33%) in Australian-based and ASX-listed oil and gas exploration company Lakes Oil NL (ASX:LKO).

**Company website:** [www.darkhorsesresources.com.au](http://www.darkhorsesresources.com.au)

**Follow us on Twitter:** [@ASX\\_DHR](https://twitter.com/ASX_DHR)



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