



ASX Announcement

6 February 2017

Pico Quemado Coal Project

Exploration Update

Highlights:

- Coal and carbonaceous sequences located throughout the tenement in line with predictions.
- Almost 100km of area geologically mapped and 600 control data points stratigraphically and structurally measured and described.
- Four major seam sequences defined in the northern Chenqueniye and Las Bayas areas, the same stratigraphic sequence as is well defined through drilling and mining at Pico Quemado.
- Seam Sequence IV extended along strike for 10km on the western limb of the David Syncline, dipping at less than 30 degrees and containing 12 coal seams totalling 5.3m coal.
- Seam Sequence IV located on the eastern limb of the David Syncline and traced for 7km.
- Seam Sequence I extended for 4.2km in the south-western part of the Chenqueniye area.
- Additional historical mines identified in the north.
- Regional Community approval obtained for drilling program, which will commence in the first half of 2017.

Dark Horse Resources Limited (ASX:DHR; "DHR" or "Company") is pleased to provide an exploration update for the Pico Quemado Coal Project in Rio Negro Province, Argentina (**Figure 1**), in conjunction with its Argentine joint venture partner, Trendix SA. The work is principally to support the advancement of the Company's flagship Pico Power Project, a proposed 1000MW mine-mouth ultra-supercritical base load coal-fired power station to connect to the existing 500kV transmission network serving the Argentinian national electricity network.

Chief Executive Officer, David Mason commented, *"the early mapping results have confirmed the significant lateral extensions to the coal seam sequences that we had envisaged, and we will now carry out trenching, sampling and analytical work to determine coal seam thickness and quality, followed by exploration and resource definition drilling to move towards our target of defining a coal resource in 2017."*



Dark Horse Resources Ltd ACN 068 958 752
Level 27, 111 Eagle Street, Brisbane QLD 4001
P: +61 7 3303 0650 F: +61 7 3303 0681
E: info@darkhorsesresources.com.au
W: www.darkhorsesresources.com.au



Figure 1: Location of the Pico Quemado Coal Project in Rio Negro province, with DHR's other Argentine Projects – the proposed Pico Power Station Project, the San Juan Marayes Coal Project, the Santa Cruz Los Domos Gold Project, and the San Luis and Cordoba Lithium Projects.

Based on a comprehensive set of data from all previous exploration works, Dark Horse has an exploration target for the Pico Quemado Coal 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. The work presently being undertaken and planned for the balance of 2017 is designed to test this Exploration Target.

The exploration program is focussed on the Pico Quemado, Chenqueniye and Las Bayas deposits (**Figure 2**) and consists of the following phases:

1. A combination of detailed geological mapping throughout the Chenqueniye deposit, where several seams have been previously mapped up to 4kms in length, to follow extensions of the known seams, and search for new seams, followed by several exploration and resource definition drilling stages to upgrade the deposit towards JORC standards.
2. Reconnaissance geological mapping in the Las Bayas area where minimal exploration work has been carried out to date. Depending on the results of this preliminary work, further exploration will be designed and implemented.
3. Resource definition drilling in the Pico Quemado deposit to define the stratigraphy, geometry, coal seam sequence, quality and quantity. It is anticipated this work will facilitate the preparation of a JORC Resources Report.

The Company has engaged its joint venture partner Trendix SA to carry out the first part of the exploration program through a separate, 'arm's length' service contract. Trendix has a great deal of experience in the exploration of mineral deposits in Argentina and has been instrumental in more recent geological works in the Pico Quemado Coal Project. Trendix has supplied professional geologists, accommodation, communication, vehicles and other logistical equipment in support of the program.

Permission was obtained late in the December 2016 quarter from the Regional Communities for the planned geological mapping exploration program at the Pico Quemado Coal Project. And approval for the first phase of drilling was secured in late January 2017. 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.

Additionally, agreements with property owners covering the targeted exploration area were obtained for using, and transit through, their lands.

A detailed geological mapping survey of the Pico Quemado Coal Project commenced in early December 2016 and significant progress has been made to date. Numerous exploratory and mapping traverses have been completed covering an area of approximately 93km² in the Chenqueniye and Las Bayas areas, which lie to the north of the well defined Pico Quemado Deposit, within the Nirihuau Basin (**Figure 2**). Approximately 600 control data points have been taken, with stratigraphic and structural data measured and collected. Numerous newly discovered outcrops of coal and carbonaceous beds have been identified, considerably extending the known potential of the coal deposits.



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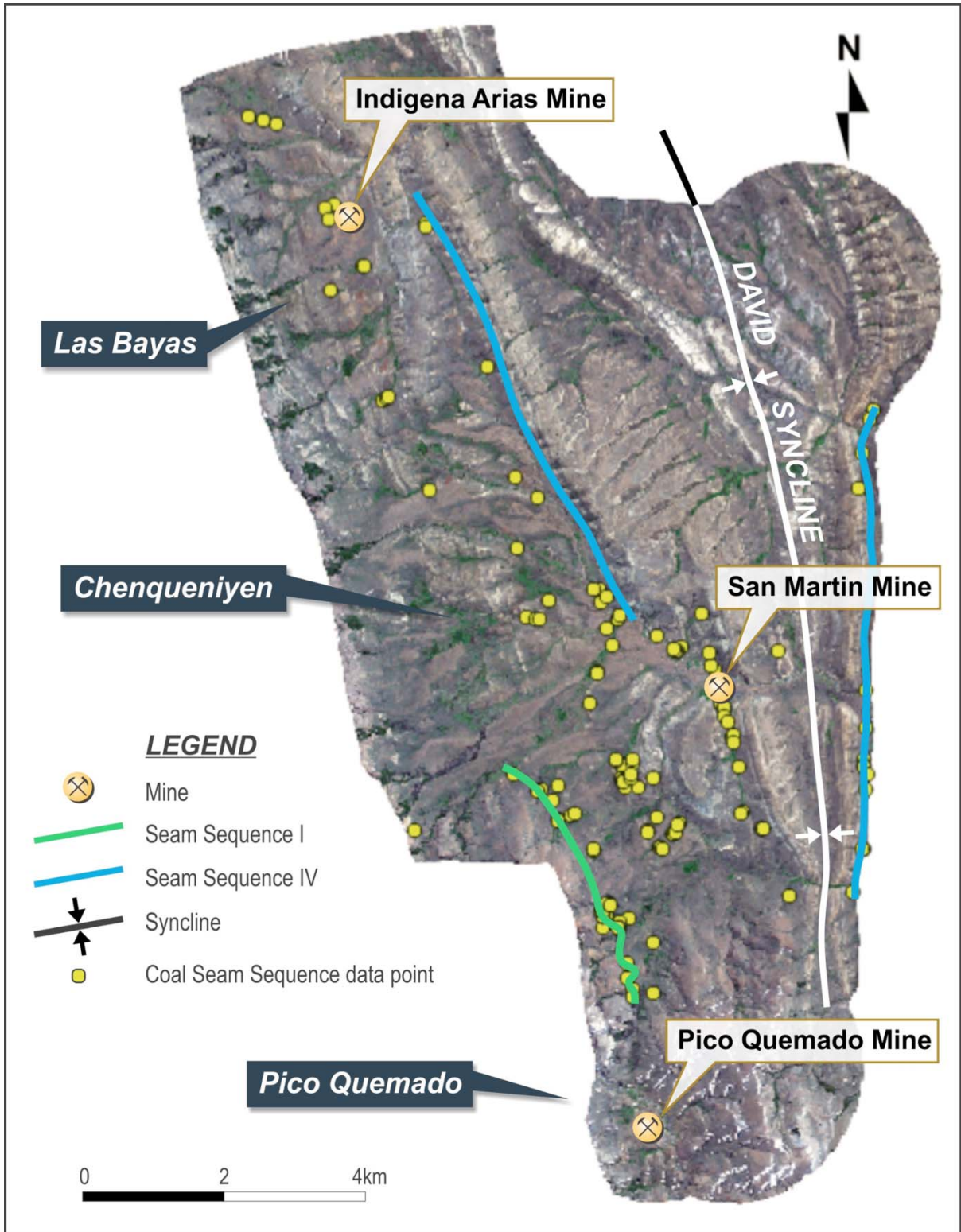


Figure 2: Satellite image of DHR’s Pico Quemado Coal Project area showing the deposit areas of Pico Quemado (south), Chenqueniye (central) and Las Bayas (north), the location of the coal seam sequence data point sites, and seam sequence traces identified during the current phase of exploration mapping.

Dark Horse is assessing the mapping results to resolve stratigraphy in the Basin. New outcrops located on the western limb of the David Syncline have extended the lateral extent of Seam Sequence IV to 10km (**Figure 3**), from several isolated locations previously in the centre of the Chenqueniyeu area. **Photo 1A & 1B** show evidence of the newly identified outcrops of Seam Sequence IV, which is composed of interbanded coal and carbonaceous shale layers. To date, 12 coal seams with a total of approximately 5.3m of coal have been measured in Seam Sequence IV. The sequence dips at less than 30 degrees to the east. Trenching and sampling is targeted over this sequence in early February, followed by drilling.

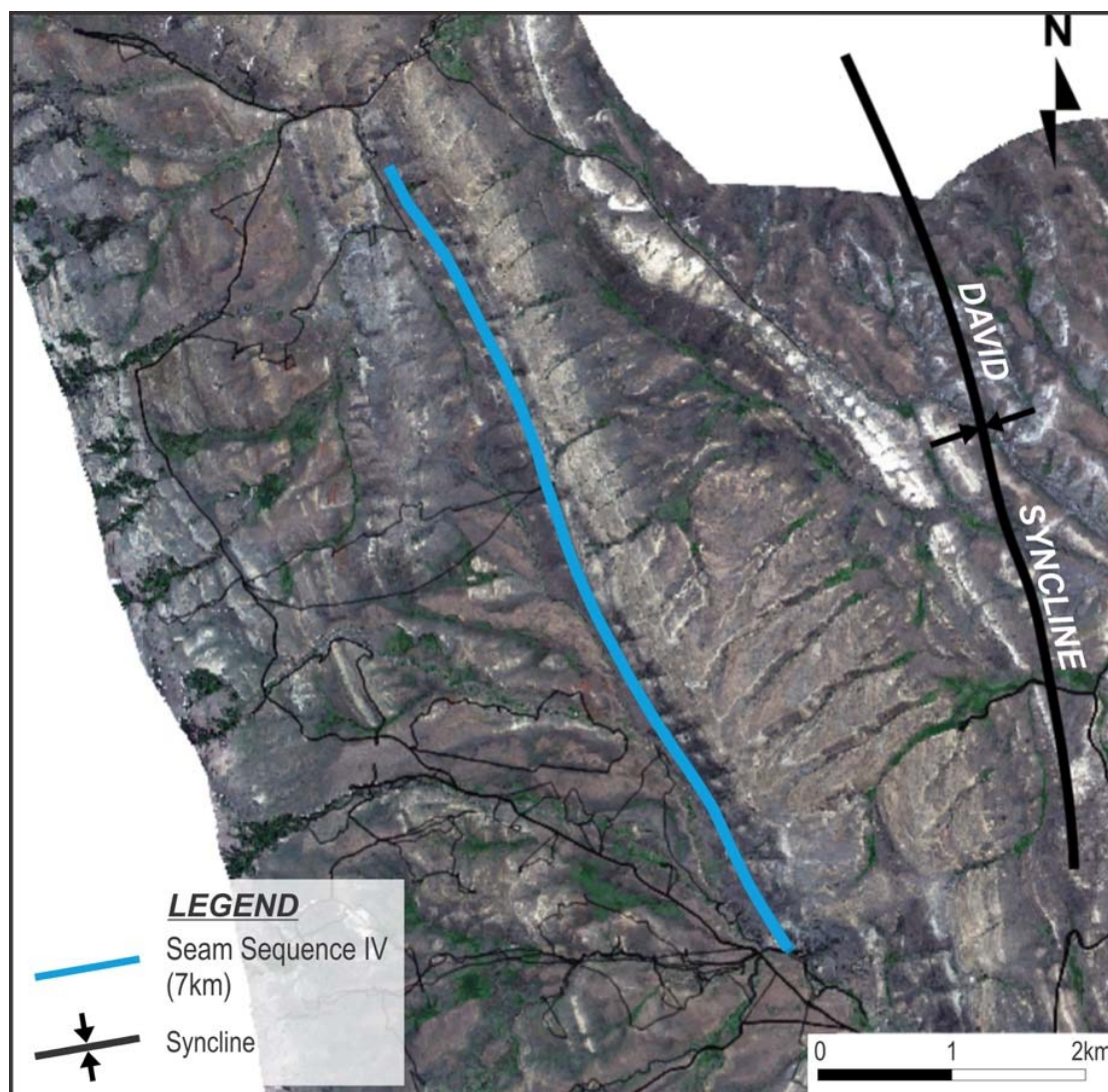


Figure 3: The new extended expression of Seam Sequence IV, extending through the Chenqueniyeu area and into Las Bayas.

Several historic mines have been located during the program, in addition to the well-known Pico Quemado Mine in the south (refer description on the following page). The San Martin Mine in the Chenqueniyeu area and the Indigena Arias Mine in the Las Bayas area (**Figure 2**). Minimal information is known on the mines and their structures have collapsed however, numerous coal seam sequence outcrops have been mapped in their vicinity.

Geological mapping on the eastern limb of the David Syncline, carried out for the first time, has located seven coal seam sequence outcrops so far (refer Figure 5). The outcrops are located along a 7km strike length and appear to be part of the same Seam Sequence IV as those north, and around, the San Martin Mine on the western side of the syncline. This discovery means coal deposits are very likely to exist between the San Martin Mine, across the David Syncline, to the far eastern part of the tenement suite. In February, detailed stratigraphic profiles of these discoveries will be made through trenching. In addition, a detailed structural cross-section along the syncline will be made (from San Martin Mine to the east) to estimate how deep the coal seams could be in the area of the syncline axis. This will be an important future exploration target because the beds in the axis zone have a low dip angle and would be favorable for any future mining (refer Photos 2C, 2D, 2E, 2F & 2G).

Geological mapping in the Las Bayas area in the northern part of the tenement suite has located new coal seam outcrops near the historic Indigena Arias Mine workings (Figure 2). The mine has collapsed and it is not possible to obtain any samples within the underground mine workings (see Photos 1C & 1D). These outcrops are expected to be Seam Sequence III and IV. Some 1.2 km south of the Indigena Arias Mine, a new carbonaceous sequence has been located, which is likely to be Seam Sequence II. It is planned to carry out trenching to be able to make a detailed description of these seams and evaluate the exploration potential, which will be done during the next phase of work.

Five new coal and carbonaceous shale outcrops of Seam Sequence I have been located in the southwestern part of the Chenquenyueu area. This extends this sequence by some 4.2km. The low topography in this area precludes further extensions to the north through mapping, and so drilling will be carried to test for the presence of coal (refer Photos 2A & 2B).

Structural mapping is also being carried out in the southern Pico Quemado Deposit, particularly in areas that were not previously drilled, such that new drill targets can be made. The Pico Quemado Deposit was explored during the 1930's to the 50's by the State Mining Company YCF, who drilled approximately 1,000m of shallow core drilling. This supported shallow underground coal mining during this period, which was the principal mining technique utilised in this era. It has been the second largest coal operation in Argentina's mining history. The deposit contains four major seam sequences, I through to IV from stratigraphically lowest to highest, as shown in the following Figure 4.

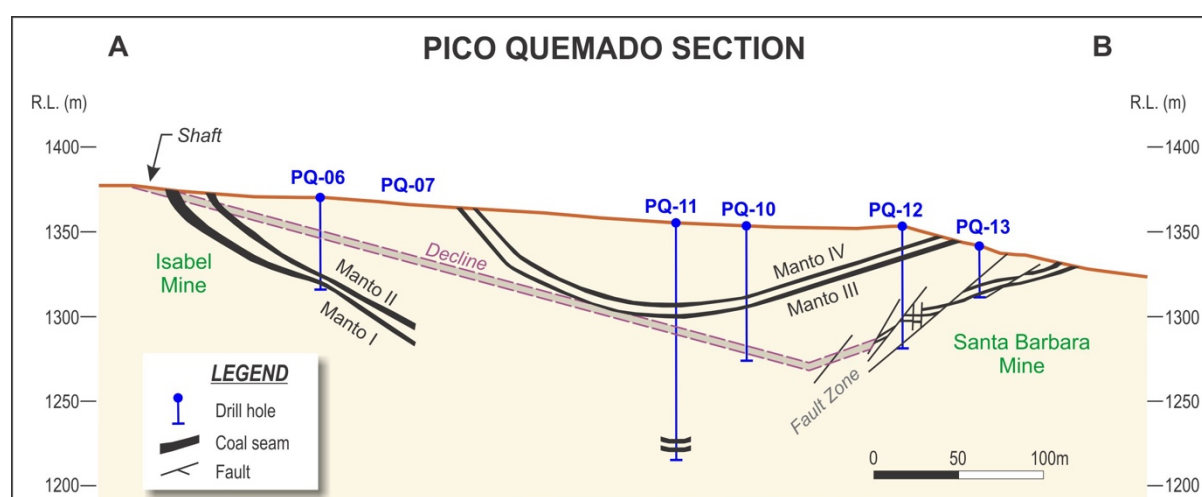


Figure 4: Cross section from west to east through the Pico Quemado Deposit.

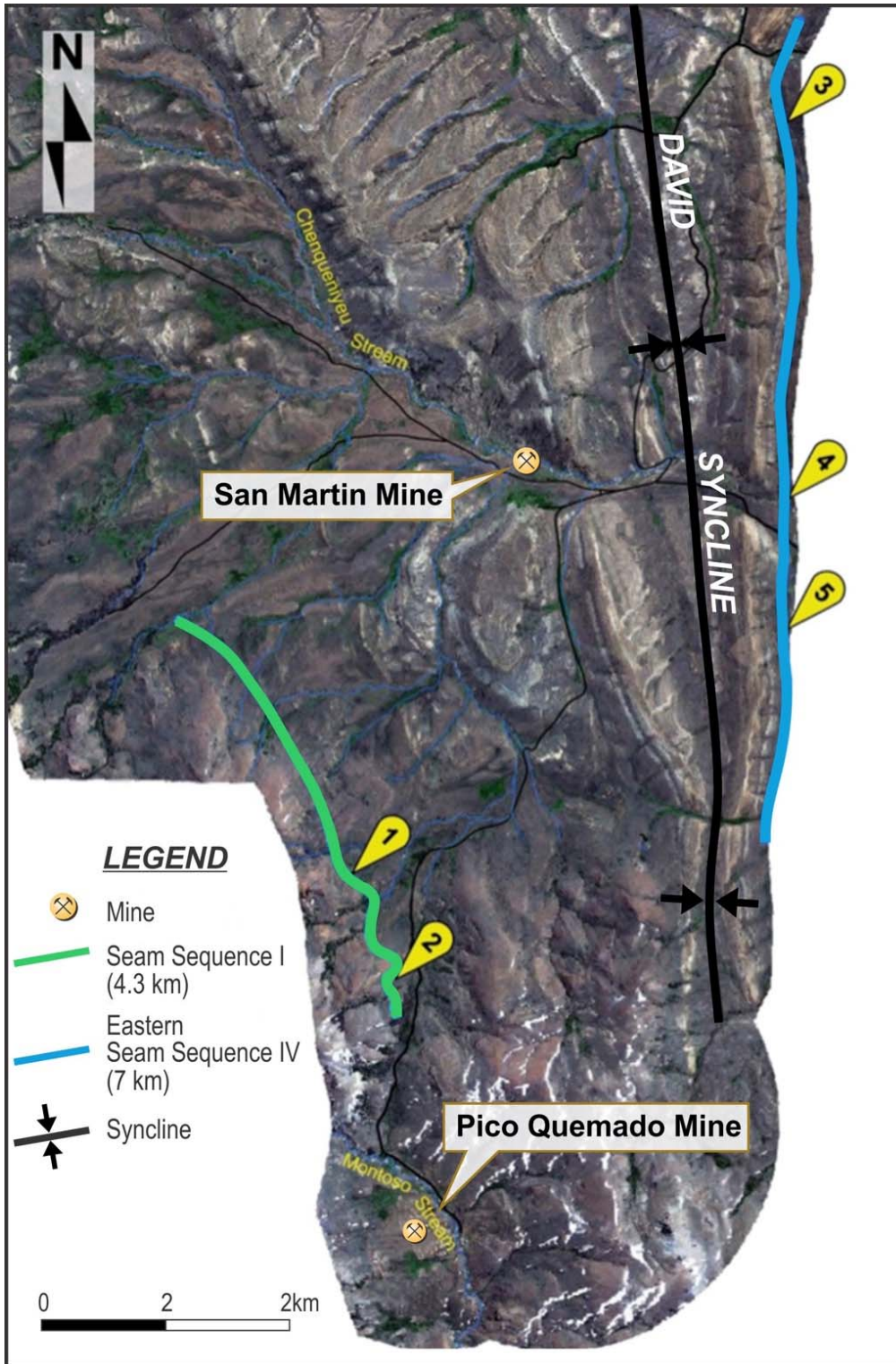
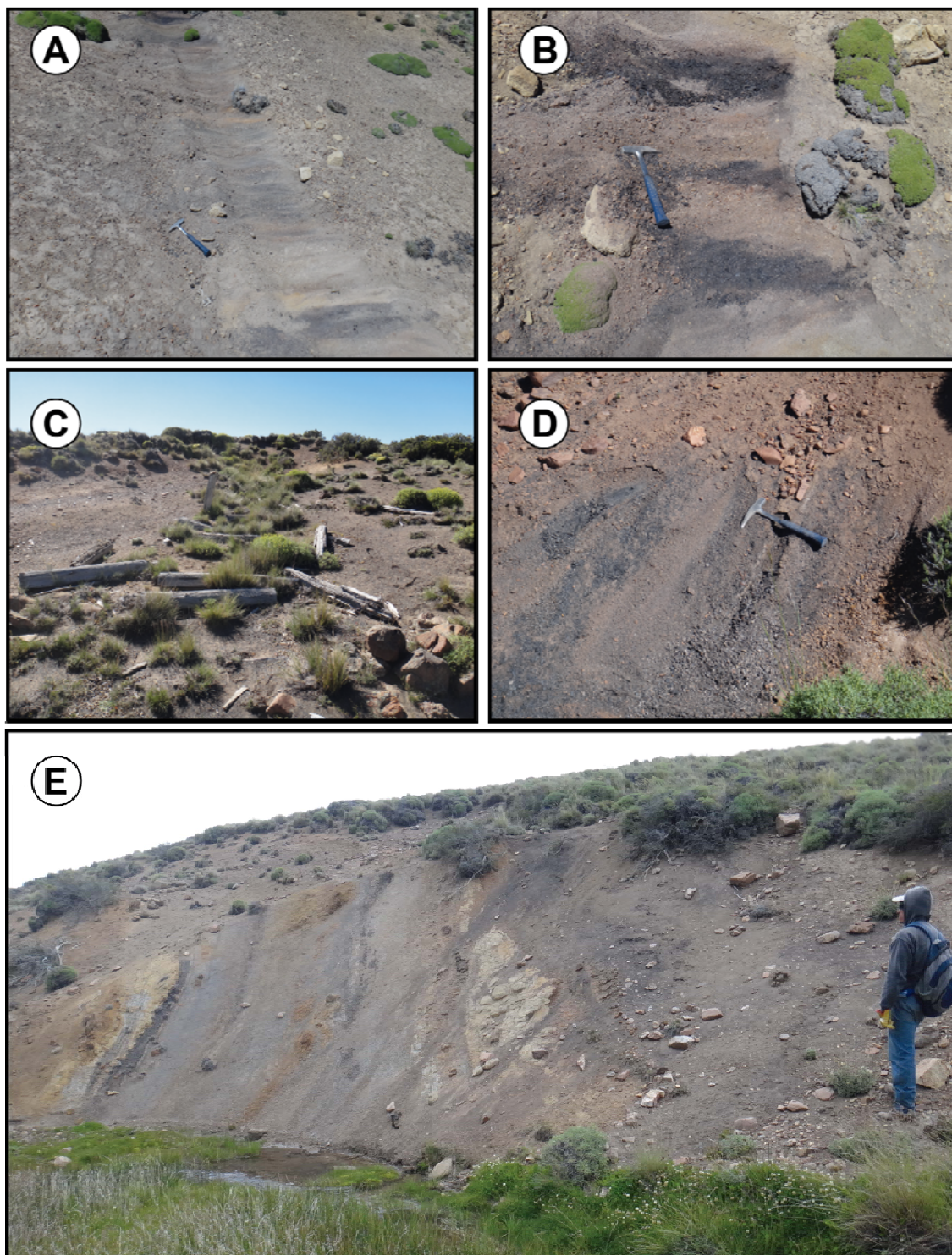


Figure 5: The Chenqueniyeu area and access road into Pico Quemado, showing the current extension of Seam Sequence I, based on recent discoveries, and the location of the new coal outcrop located on the eastern side of the David Syncline. (The numbers in yellow flags refer to the locations of the photos in **Photo sequence 2** at the end of this report: 1=Photo 2A, 2=Photo 2B, 3=Photo 2C, 4=Photo 2E, 2F & 2G, 5=Photo 2D).



Photoboard 1: Photos within the Chenqueniyeu and Las Bayas areas.

A - Seam Sequence IV located in the north of the Chenqueniyeu area, and B - Close up of some of these coal seams.

C & D - View and detail of the Indigena Arias Mine.

E - General view, looking to the south, of the coal seam sequence outcrops found in Las Bayas Stream in the far north.



Photo 2A & 2B: Images of Seam Sequence I outcrops within the southern Chenqueniyeu area.
Photo 2C through 2G: Images of Seam Sequence IV on the eastern side of the David Syncline in the central Chenqueniyeu area.

Future Work Program

Systematic geological mapping is ongoing at the Pico Quemado Coal Project with objectives to further define the stratigraphy and structure throughout the areas of interest. Manual and mechanical trenching operations will be carried out to expose important coal seam sequences for accurate lithological recording, seam thickness measurements and to collect fresh samples for analysis.

A drilling program has been designed with objectives to:

- improve the stratigraphic knowledge of the resource areas;
- obtain core samples for analyses;
- obtain sufficient data to allow the estimation of a JORC Resource Report (initially at the Inferred category, and later Indicated and Measured).

Conosur Mining Service SA has been engaged to carry out the first phase of work, for an initial 3000m of core drilling. They have a significant amount of experience in drilling in sedimentary formations in Argentina. Drilling is anticipated to commence in the first quarter of 2017.

The Company will report exploration results regularly as they come to hand.

On behalf of the Board

Mr Karl Schlobohm

Company Secretary

For further information contact:

David Mason

Executive Director

Ph: 07 3303 0650

Karl Schlobohm

Company Secretary

Ph: 07 3303 0661

Pru Maclean

Investor Relations

Ph: 07 3303 0650

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.

About Dark Horse Resources:

Since listing on the Australian Stock Exchange in 2011, Dark Horse Resources (formerly Navaho Gold) has slowly evolved into a diversified exploration company, with diverse commodity interests including numerous mineral licences in Australia, a significant equity stake in ASX-listed Lakes Oil NL, and coal, gold and lithium project interests in Argentina.



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