



ASX Announcement

16 September 2016

Recent World Coal Price Movements and Dark Horse Coal Project Update

Coal Industry reports for the month of August (2016) show that world parity coking coal prices increased by 41% and even thermal coal prices increased by 18%. These are highly encouraging developments which represent a good outlook for coal producers. In this light the Board of Directors of Dark Horse Resources Limited (ASX: DHR, the Company) thought it timely to remind shareholders and interested investors about the progress of the coal projects in Argentina controlled by the Company.

The Company controls and is developing two separate coal projects in Argentina (refer **Figure 1**).

The **Marayes Project**, located in San Juan Province, is a good quality thermal coal being developed to supply coal to identified industries in the region (market surveys have already been completed). The larger **Pico Quemado Project** is located in Rio Negro Province and is being explored and developed in conjunction with a proposed 1000MW, on site, state of the art power station. However, Pico Quemado coal is also known to have coking properties, and was tested successfully as a blend with imported coking coal at Argentina's steel plant at Rosario in the 1960's. Sampling and analyses of outcropping coal in November 2013 by Dark Horse's subsidiary Excarb Pty Ltd returned a swelling index of 5.0, which is very encouraging in regard to further favourable coking characteristics. The Company has recently conducted a review of the overall Marayes Project footprint, and has consolidated the project to its most prospective areas around the Rickard and Rodolfo mine shafts and associated inclines.

Planned exploration in the coming months at Pico Quemado will include core drilling which will allow analysis of fresh coal for all relevant coking properties so that an assessment of its overall suitability and type of coking qualities can be assessed. In addition to supplying coal to the power station, there may be opportunities to sell extra coal to supply the local Argentina steel industry (import replacement) and the potential exists for coal export possibilities (there is an existing railway within 50km which would give access to ports and major cities). The impressive recent price increase for coking coal suggests that the demand for the product has increased, and the temporary over-supply problems are levelling out.



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Figure 1: Location Map – Dark Horse Projects in Argentina

Details of the ALS (Brisbane) analysis of outcrop coal sample 13001, taken by Excarb Pty Ltd in November 2013, are as follows:

Proximate Analysis

Air dried moisture %	4.6
Ash %	6.7
Volatile matter %	38.1
Fixed carbon %	50.6

Total Sulfur %	0.38
Calorific value (AD)	
MJ/kg	31.05
kcal/kg	7416

Ultimate Analysis (d.a.f)	
Carbon %	82.8
Hydrogen %	5.93
Nitrogen %	2.14
Sulfur %	0.43
Oxygen (by difference) %	8.7

Crucible Swelling Number	5.0

Based on a review of available historic mining and exploration data and reports, geological exploration work undertaken by the Company's JV partner (Trendix SA), interpretation of Landsat imagery, initial laboratory test work (refer above), and with up to six coal seams identified in the coal measure sequence (in parts showing a cumulative thickness of 12m coal) observed over a strike length of 25km in a synclinal basin, Dark Horse Resources has an Exploration Target for the Pico Quemado 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. Further coal quality ranges as stated above are indicative of the coal quality, based on laboratory test results. Dark Horse Resources 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 Company is planning to further its work program, including drilling, across the next 12 months to start testing the basis of the Exploration Target.



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Figure 2: Photo of coal seam outcrop within the Pico Quemado Project area

On behalf of the Board
Mr Karl Schlobohm
Company Secretary

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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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 interests in gold projects in the USA, numerous mineral licences in Australia, oil and gas projects in Australia (held via NavGas Pty Ltd), and coal and lithium projects in Argentina.

The Company's coal projects in Argentina consist of the Marayes project (San Juan province) and the Nirihuau project (Rio Negro province). Both projects are located within close proximity to access to existing rail networks with links to industrial areas and ports.

Dark Horse has recently entered into an exclusive option arrangement to acquire an Argentinean company with rights to acquire lithium projects and mines in two separate provinces of Argentina.



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