



ASX Announcement

20 July 2017

Argentinean Project Update

Dark Horse Resources Limited (ASX:DHR; “DHR”, “Dark Horse” or “Company”) is pleased to update the market on the Company’s Argentinean projects.

Los Domos Gold Project

Dark Horse has secured an additional lease within the Los Domos gold portfolio in Santa Cruz province (refer **Figures 1 and 3**), which expands the footprint to 20,000ha and adds several promising exploration targets. Initial remote sensing work focusing on alteration has indicated some promising new mineralisation targets.

Government approvals for field based exploration work have recently been received and work on the property will commence shortly. 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. Experienced consultants are being engaged for this work.

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. This is similar to the nearby Las Calandrias prospect (still being explored) held by Mariana Resources Limited who have so far delineated and reported some 400,000 oz Au resources.

San Luis and Cordoba Lithium Projects

Dark Horse holds a large area of potential lithium properties in San Luis and Cordoba provinces (refer **Figures 1 and 2**) through its acquisition of Pampa Lito SA, and its close association with a well-known Argentinean mining company with whom it is cooperating in joint exploitation of lithium and associated minerals in their Argentine mining properties.

Dark Horse has objectives to delineate, exploit and process lithium ore in Argentina and produce a high-quality lithium hydroxide product used in lithium batteries and electronics.



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Preliminary satellite imagery interpretation studies have shown that a very large pegmatite field exists within the tenements, but these need to be differentiated and defined further. When this study is complete it will be followed by detailed, targeted field work including mapping and rock chip sampling and analysis. This is expected to be completed within the next several months.

In the process of its exploration works in San Luis, Dark Horse has found the Las Cuevas property to be inferior in potential, and has subsequently terminated the Agreement with the vendors.

Exclusivity on Large Portfolio of Mineral Properties in Argentina

Dark Horse has entered into an Exclusivity Agreement on a large portfolio of mineral licences throughout the Santa Cruz and Rio Negro provinces in Argentina with PROAR SA, an Argentinian company run by a successful, professional exploration geologist based in Argentina.

Coal and Power Assets

Dark Horse Resources is pleased to announce that it is divesting its interests in the Pico Quemado Coal Project and the Pico Power Project to focus its activities in the exploration and development of its mineral resource projects in Argentina. A new subsidiary company will be formed (**New Energy Co**) will be established to progress its 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. Whilst the new company will progress the coal and power interests, Dark Horse will retain its interest.

New Energy Co

New Energy Co will be established as an independent power producer. The business will be focussed on identifying and developing thermal and renewable power projects in Australia and internationally. The first project in its energy development portfolio will be the Dark Horse Argentine HELE USC power station. New Energy Co has also identified a number of other good quality projects in Europe and Australia which it will add to the development pipeline in the near future.

Pico Quemado Coal and Pico Power Projects

As outlined by the Company in previous ASX releases, based on previous exploration work undertaken at Pico Quemado (refer **Figure 1**) by the Company's JV partner (Trendix SA), interpretation of Landsat imagery, initial laboratory test work (refer ASX release of 16 September 2016), 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 had an Exploration Target for the Pico Quemado Coal 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.



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However, preliminary analytical results of drill core samples from the Pico Quemado Coal Project have shown that the coal quality is lower than expected, and lower than the energy benchmarks outlined above. This has led Dark Horse to reconsider the value of this coal as the primary fuel in the planned Pico 1000MW, mine mouth power station development. In conjunction with the recent transmission study, and the long distance and high cost in transporting electricity from the Pico project site in far western part of Rio Negro, Dark Horse believes it would be significantly more competitive to site the power plant on the Atlantic coast of Argentina. A new site is being considered close to the principal electricity demand centre of Buenos Aires. Additionally, a study into alternative fuel sources, has shown that importing good quality coal has a cost reduction effect in the production of electricity, and would enable Dark Horse to be very competitive in the upcoming Argentine government tender. This includes a price advantage when compared with gas fired Combined Cycle Gas Turbine (CCGT) plants.

Dark Horse has held discussions with several international coal trading companies who have advised that high quality Columbian coal would be a very cost effective fuel. Dark Horse is currently negotiating several Fuel Supply Agreements through a coal trader. Pico Quemado coal would be considered as a secondary, smaller supply within this new plan, if that coal supply remains available.

Dark Horse has identified some preferred companies to partner with it to participate in the Pico Project and the Argentine thermal tender, expected to be released soon. Confidential discussions are currently underway.

As Pico Quemado would no longer be the primary component in the overall scheme for the power station, Dark Horse has given notice to Trendix SA, the owner of the property, that it is not prepared to continue with the terms of the current Agreement, and that it wishes to renegotiate an alternative arrangement, which reflects the changed plans. No assurance can be given that Dark Horse will be successful in any renegotiations.

Accordingly, it is intended that New Energy Co will take over and progress Dark Horse's Argentine power development plans, and will participate in the upcoming government thermal power tender with a large, high efficiency-low emission (HELE) ultra-supercritical plant near the coast in the province of Buenos Aires.

Dark Horse will update the market in due course on the establishment and progress of New Energy Co.

Further project activity updates will be provided as new information comes to hand.



On behalf of the Board
Mr Karl Schlobohm
Company Secretary



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About Dark Horse Resources:

Since listing on the Australian Stock Exchange in 2011, Dark Horse Resources (formerly Navaho Gold) has evolved into a diversified exploration company primarily focussed on Argentina. The Company currently has gold, coal, lithium and energy projects in Argentina.

Argentina is undergoing significant political and social reforms, which has created a very attractive destination for mining and diverse project interests.



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Figure1: Location of Dark Horse Resources Argentine projects.

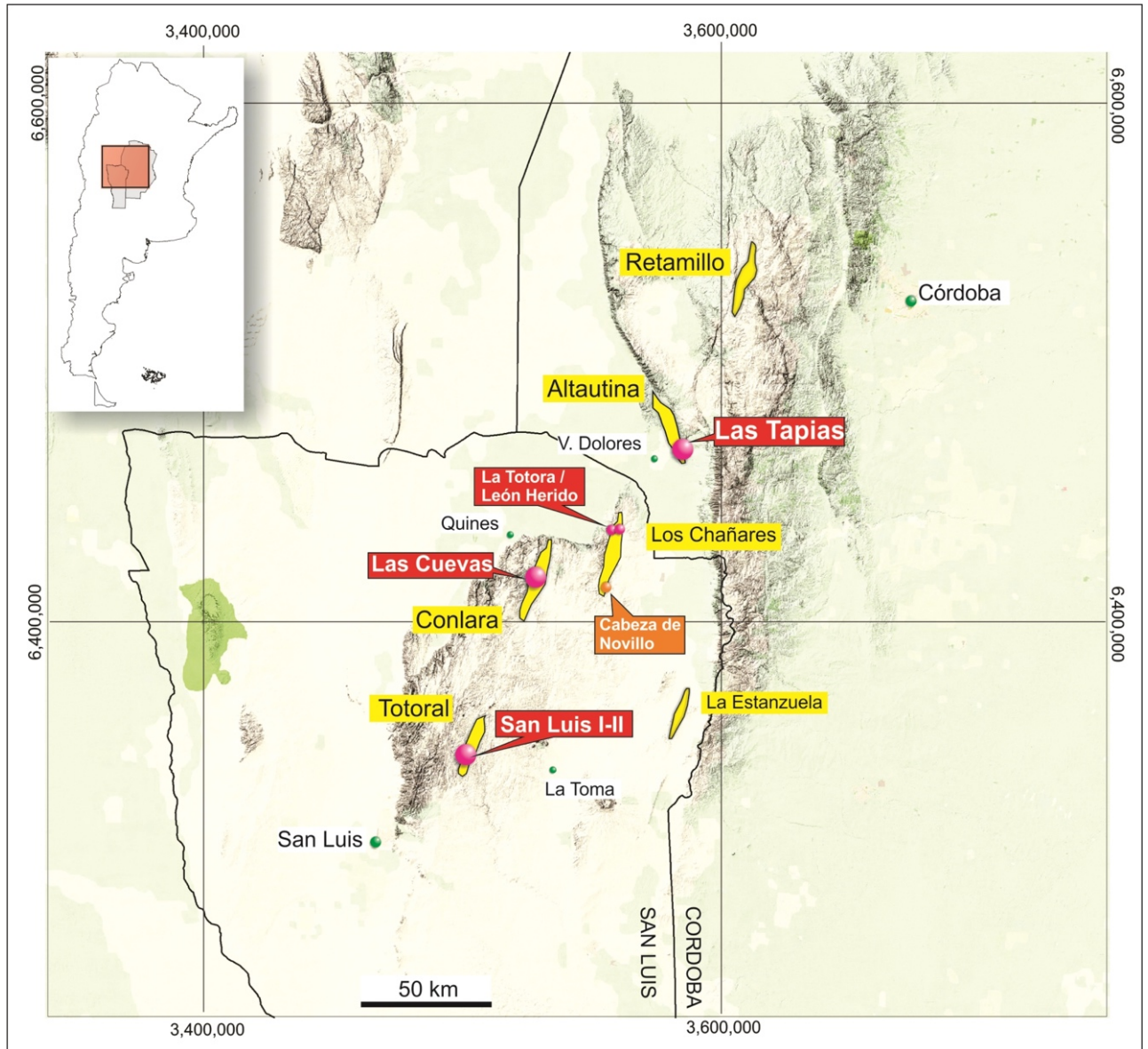


Figure 2: Map showing the location of the Las Tapias, Las Cuevas and other historic spodumene mines controlled by DHR/Pampa Litio (red dots) in the principal pegmatite districts of San Luis and Córdoba Provinces.



Figure 3: Location of the Los Domos Project with other significant gold projects.