



ASX Announcement

9 March 2017

Argentine Portfolio Update

Dark Horse Resources Limited (ASX:DHR; "DHR" or "Company") is pleased to update the market on the Company's business and activities in Argentina over the past month.

Highlights:

- **Pico Quemado Coal Drilling Commences.**
- **Pico Thermal Power Station Progress.**
- **Los Domos Gold Agreement Executed.**
- **Pampa Litio (Oronegro) Lithium Exploration Status.**



Figure1: Location of Dark Horse Resources Argentine projects.



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Executive Director David Mason commented: *“the Company is very pleased to have commenced the first phase of drilling at the Pico Quemado coal project in Rio Negro province, Argentina. This complements a most successful geological mapping program over the past several months, where coal seams have been traced up to 8kms laterally along the strike in the northern Chenqueniye deposit. The work is being carried out to define sufficient resources to support our flagship 1000MW clean-coal fired, ultra-supercritical Pico Power Station Project.*

Dark Horse is also pleased to have executed the Option Agreement to acquire up to 85% of the Los Domos Gold Project in Santa Cruz province, after robust legal and technical due diligence proved the project to be in good order with significant potential value to the Company.

We continue to focus our efforts in the “new” Argentina, where government reforms are transforming the economy and opening up significant resource and energy opportunities, for which Dark Horse continues to be well placed.”

Pico Quemado Coal Exploration

Drilling has commenced at the Pico Quemado coal project in the western part of Rio Negro province following three months of geological mapping, where coal seams were traced up to 8kms laterally along the strike in the northern Chenqueniye deposit. Geological mapping will continue throughout the drilling phase.

Conosur Mining Services SA has been contracted by the Company to carry out an initial drilling phase of approximately 3,000 metres. The rig commenced the first hole at the Pico Quemado deposit (refer **Figure 2**) where it is twining an old hole drilled in the 1950's to prove the quality of the historic data and to obtain fresh coal core samples for detailed thermal and metallurgical testing. Several holes are planned at the Pico Quemado deposit to increase the amount of stratigraphic, structural and quality data to allow a greater confidence in the geological interpretation as a step to achieving a JORC Resource Report.

Following completion of this work, the rig will move northwards and commence drilling a series of holes in the Chenqueniye deposit, where several significant targets located in the geological mapping phase have been selected for drilling.

Dark Horse has contracted the geological mapping and drilling supervision to its Argentine partner Trendix SA, who have extensive exploration experience in Argentina over many years, and who have carried out exploration mapping and geological evaluation in the Pico Project in recent years.

This first phase drilling program is expected to be completed within two months. Core samples will be prepared in the ALS laboratory in Mendoza, Argentina and then the analytical sample couriered to the ALS Brisbane laboratory for analysis.



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Figure 2: The Conosur rig drilling the first hole at Pico Quemado

Pico Power Station Project

Dark Horse is intending to develop a 1000MW mine mouth, clean-coal fired power plant near the Pico Quemado Coal Project as part of the Argentine government's plan to develop up to 8000MW of new thermal electricity generation within the next decade. The power station will be designed to utilise supercritical pulverised coal technology and supply electricity into the wholesale electricity market under a Government guaranteed long term power purchase agreement.

Dark Horse made a submission to Argentina's Wholesale Electric Market Manager Company (CAMMESA) in early January 2017, manifesting an interest (MoI) in developing its coal fired power station and selling the output to CAMMESA under a power purchase arrangement.

As part of the MoI process Dark Horse was requested to meet and make a presentation to CAMMESA in mid-February 2017. Dark Horse presented the technical, economic and social merits of the project and answered a range of technical queries. Dark Horse was accompanied at these meetings by representatives of Invest Argentina and the Rio Negro Secretary of Electric Energy, who are very supportive of the project.



Dark Horse also met and updated representatives of the Rio Negro Secretary of Energy in Cipolletti on the status of the Pico coal and power projects prior to the meetings with CAMMESA.

CAMMESA is assessing a number of thermal generation submissions as part of their evaluation of new thermal generation in Argentina. CAMMESA intends to report to the Ministry of Energy and Minerals in mid-April and anticipate that the Ministry would make a decision by the end of June on the projects it wished to progress in the 2017 round for new thermal generation. The final outcome of the process, for the successful parties to enter into a Government guaranteed demand contract for supply into the wholesale electricity market, is anticipated to be completed by the end of 2017.

Dark Horse will commence a number of technical studies, environmental and site assessments, and preliminary design for the power station in the next weeks.

Dark Horse is progressing the securing of a joint venture partner to participate in the future development of the power station.

Los Domos Gold Project

Dark Horse has executed an Option Agreement following legal and technical due diligence to acquire up to an 85% interest in the Los Domos epithermal gold project in the highly prospective Santa Cruz province, from the Argentine vendor group Tres Cerros Exploraciones S.R.L. The region is host to numerous multi-million ounce, epithermal style gold-silver deposits including Cerro Vanguadia owned by AngoGold Ashanti, and Cerro Negro owned by Goldcorp (refer **Figure 3**).

The main target area at Los Domos is La Punta, where IP chargeability has indicated a significant rhyolitic dome anomaly, and follow up geological mapping has defined quartz veins and breccia areas with the highest historical rock chip sample returning 5.7 g/t Au.

Immediately to the south of the Los Domos project, Mariana Resources Limited holds tenements covering their Calandria Sur prospect where Mariana have previously announced (TSX 11 July 2011) a half million-ounce gold equivalent Mineral Resource of 11.8Mt at 1.29g/t Au and 17.4 g/t Ag (Indicated category of the Canadian National Instrument 43-101 compliant).

Under the Option Agreement Dark Horse must pay to the vendor a total US\$3.4M and spend US\$4.2M over 6 years to earn equity along the way. The commercial terms are outlined in further detail in the Company's market release of 22 November 2016.



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

Pampa Litio (Oronegro) Lithium Project

The Company is progressing the environmental permits for the exploration activities for the significant lithium pegmatite targets of El Totoral, Los Chanares, Las Cuevas Mine and Las Tapias in the San Luis and Cordoba provinces, highlighted in the previous phase of work. These permits are expected to be complete in the first quarter of 2017 to allow commencement of exploration in the second quarter of 2017.

The work program will include remote sensing interpretations, ground geophysical programs, regional and detailed geological mapping, and drilling.



Dark Horse has engaged one of the senior partners of Pampa Litio to implement the next phase of exploration activities over some of the more prospective ground.

Oronegro SA has changed its name to Pampa Litio SA.

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

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 has slowly evolved into a diversified exploration company, with diverse commodity interests including mineral licences in Australia, a significant equity stake in ASX-listed Lakes Oil NL, and various project interests in Argentina. The Company's current major focus is on its Argentinean projects. Argentina is undergoing significant political and social reforms, which has created a very attractive destination for mining and energy investment. Dark Horse is capitalising on this transition with its substantial Pico Coal Mine and Power Project, its lithium and gold projects, and a portfolio of new resource and energy opportunities under review.



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