



## Quarterly Activities Report for the Period Ended 31 December 2016

### Dark Horse Resources Ltd

#### ASX Code: DHR

#### Shares on Issue

871 million

#### Market Capitalisation

A\$8.7m (at A\$0.01)

#### Directors

Nick Mather (Non-Executive Chairman)

David Mason (Executive Director)

Brian Moller (Non-Executive Director)

Neil Stuart (Non-Executive Director)

#### Company Secretary

Karl Schlobohm

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### HIGHLIGHTS

- Exploration at the Pico Quemado coal project in the Niriuhau coal basin in support of the Pico Power Project commenced in late 2016. Geological mapping is underway in the Pico Quemado, Chenqueniye and Las Bayas deposits, which will be followed in 2017 by exploration and resource definition drilling.
- The Niriuhau basin contains both thermal and coking coal, both of which have shown substantial international price increases during 2016.
- Dark Horse has submitted a Manifestation (Expression) of Interest to CAMMESSA, at its request, which is the Argentine government administrator for wholesale electricity for the development of the Pico Power Project.
- Initial field work undertaken at the Company's lithium projects in Cordoba and San Luis produced highly encouraging rock chip sampling assay results, and Dark Horse is designing and preparing a comprehensive and systematic exploration program for implementation during 2017.
- Dark Horse entered into an Exclusivity Agreement with Tres Cerros Exploraciones SRL for the option to acquire 85% of the Los Domos Gold Project in Argentina and is completing due diligence with a target to complete the agreement.
- NavGas Pty Ltd transaction completed with ASX-listed Lakes Oil NL on a scrip basis, resulting in Dark Horse now holding approximately 9.2 Billion shares in Lakes Oil, together with 40,000 Lakes Oil \$10 Convertible Notes.

## REVIEW OF PROJECTS AND ACTIVITIES

Over the past two to three years, Dark Horse Resources Ltd (Dark Horse, the Company) has evolved into a diversified resource and energy company, with a particular focus on Argentina, where it has invested in coal, gold and lithium projects, and plans to develop a large thermal fired power station (refer **Figure 1**). Dark Horse has recently sold its oil and gas projects in Australia, held via NavGas Pty Ltd, to Lakes Oil NL on a scrip for scrip basis.

The Company's coal projects in Argentina consist of the Marayes project (San Juan province) and the Pico Quemado / 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.

The Company holds extensive lithium projects in the provinces of San Luis and Cordoba through an option to acquire Argentinian company, Oronegro SA. Dark Horse has recently entered into an option arrangement with another Argentinian company to acquire the Los Domos gold project in Santa Cruz province.



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

## **Excarb (Argentinean Coal Projects)**

### **Pico Power Station and the Pico Quemado Coal Project – Rio Negro Province, Argentina**

#### **Pico Quemado (Nirihuau) Coal Project**

Via a stepped option agreement, Dark Horse is progressively earning up to a 75% interest in a portfolio of coal leases in the western part of Rio Negro province, held by Trendix SA, which includes the historic Pico Quemado Mine (**refer Figure 1 above**). The coal is high volatile bituminous with good thermal properties, and is planned to form the main fuel supply for Dark Horse's potential Pico Power Station Project (refer below). Some coal seams have also shown coking properties, and this will be further investigated in future exploration programs.

Permission was obtained late in the December 2016 quarter from the local regional communities for the planned geological mapping exploration program at the Nirihuau project. Additionally, agreements with property owners covering the targeted exploration area were obtained for using, and transit along, their lands.

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.

The exploration program for the Nirihuau coal project, a joint venture option arrangement with Argentine mining company Trendix SA, 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.

In the last quarter of 2016, Dark Horse had made advanced logistical preparations to enable the exploration work to commence immediately the community permission was granted. 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 paramount 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, and commenced mapping activities at Nirihuau in late December 2016 (**Photo 1**).

Results of the program shall be reported as they come to hand.

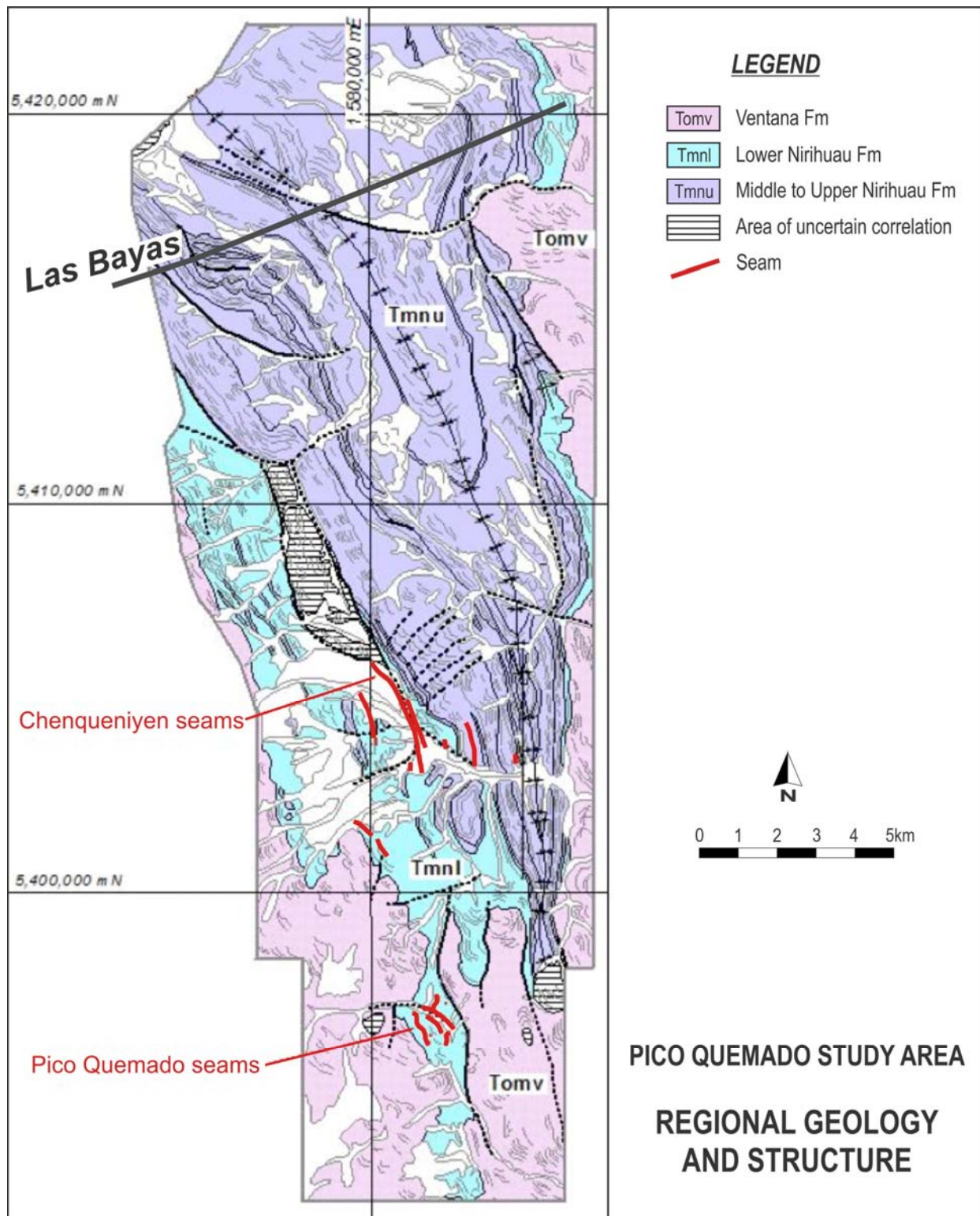


Figure 2: The geology of the Nirihuau Basin showing the deposit areas of Pico Quemado, Chenqueniyeen and Las Bayas.





**Photo 1: The Pico Quemado Coal Project field camp established nearby one of the very few existing farm houses in the region. The low, rolling plains in the foreground is the Chenqueniyeu resource area, which lies to the north of the Pico Quemado deposit.**

### **Pico Power Station Project**

Dark Horse has participated in a Manifestation (Expression) of Interest (Mol) for the supply of thermal power from its Pico Power Project in Argentina. The Mol was arranged by the government of Argentina through CAMMESA (*Compañía Administradora del Mercado Mayorista Eléctrico*), which is the administrator of the wholesale electricity market. CAMMESA's main functions include the operation and dispatch of generation and price calculation in the spot market, the real-time operation of the electricity system and the administration of the commercial transactions in the electricity market.

This Mol is part of a procurement framework for CAMMESA to firstly ascertain from industry what thermal generation alternatives are available and then in conjunction with the government's 10 year power supply strategy, formulate an appropriate tender. The process is part of a strategic plan for creating an additional 10GW of renewable, 5-8GW of thermal, 3GW hydro and 100MW nuclear power generation to meet the economic growth of the country. There will be ongoing tenders periodically to fill the strategic plan and all tenders will be fully open and transparent and considered on their merit.

In 2016 the Argentinean government awarded power purchase agreements for 2000MW of emergency thermal power and 1100MW of renewable power. Due to an over-subscription of renewable energy tenders, a subsequent tender for 600MW was issued in October.

Dark Horse is aiming to provide a reliable source of coal fired electricity generation, which is environmentally conscious, socially responsible and economically prudent. Dark Horse is in the process of engaging with major Australian and international groups to jointly develop the Pico Power Project.

### **Marayes Coal Project – San Juan Province, Argentina**

With the overwhelming interest and Argentinean support for the Pico Quemado Coal Project and the Pico Power Station Project, work on the Marayes Coal Project has had to be temporarily sidelined. However, basic exploration works and coal marketing efforts continue at Marayes to advance the longer term potential of the project.

### **Lithium Projects – San Luis and Cordoba Provinces, Argentina**

Dark Horse has an option to progressively acquire Oronegro SA, an Argentine company holding a large acreage of prospective lithium pegmatite ground in the San Luis and Cordoba provinces of Argentina (refer **Figure 1 above**), through a number of exploration leases, lease applications and mining licences.

Oronegro executed sales contracts, on behalf of Dark Horse, with the vendors of the Las Cuevas and Las Tapias mines during the September and December 2016 quarters, completing the current corporate documentation such that all is in good standing.

Dark Horse has engaged one of the senior partners of Oronegro to implement the next phase of exploration activities over some of the more prospective ground. This work follows the preliminary reconnaissance work completed in August and September 2016, also carried out by Oronegro, a summary of which is noted below:

The Company received results of a first phase of reconnaissance field work and rock chip sampling on selected lithium bearing pegmatites throughout its large portfolio of properties in the San Luis and Cordoba provinces. Field reconnaissance work confirmed the presence of extensive outcropping spodumene bearing pegmatites within the El Totoral claim in San Luis Province. El Totoral district identified old workings and spodumene showings along a north trending belt approximately 4.5km in length and 300m in width. The geochemical results of initial rock chip sampling (reported in Dark Horse's ASX release of 5 October 2016) indicates the El Totoral district represents a significant lithium-tantalum target.

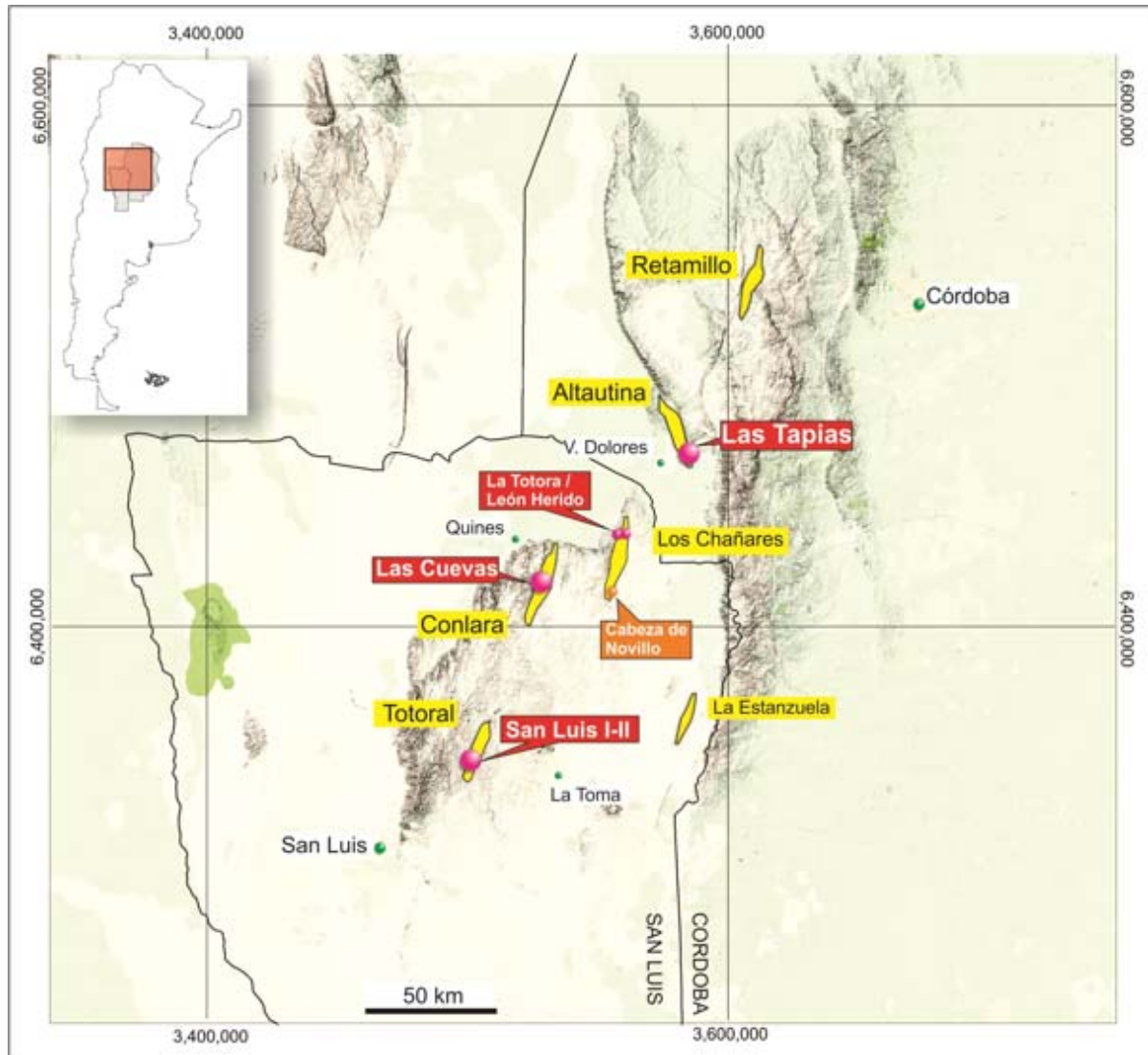
31 rock chip samples were collected from **El Totoral**, and due to the very large size of the spodumene crystals, obtaining a representative sampling of the bulk lithium content of the pegmatite proved difficult. A continuous channel sample (PL023, 24, 25) across a well exposed mineralized structure returned 3.4m @ 0.88% Li<sub>2</sub>O, 45 g/t Ta<sub>2</sub>O<sub>5</sub> (includes 0.88 m @ 3.28% Li<sub>2</sub>O, 87g/t Ta<sub>2</sub>O<sub>5</sub>).

Best assays results from **Los Chañares** were:

- La Totoral – 0.54% Li<sub>2</sub>O, 30 g/t Ta<sub>2</sub>O<sub>5</sub>
- Don Pancho – 2.8% Li<sub>2</sub>O, 94g/t Ta<sub>2</sub>O<sub>5</sub>
- Agua Dorada – 4.0% Li<sub>2</sub>O, 36g/t Ta<sub>2</sub>O<sub>5</sub>
- La Bomba – 0.3% Li<sub>2</sub>O, 36g/tTa<sub>2</sub>O<sub>5</sub>
- León Herido – 3.99% Li<sub>2</sub>O, 152g/t Ta<sub>2</sub>O<sub>5</sub>
- Cabeza de Novillo – 1.2% Li<sub>2</sub>O, 25g/t Ta<sub>2</sub>O<sub>5</sub>

Three samples were collected from the **Las Cuevas** lease and returned low lithium contents though reasonable tantalum contents (0.01 to 0.55% Li<sub>2</sub>O and up to 97 g/t Ta<sub>2</sub>O<sub>5</sub>).

Samples collected at surface from **Las Tapias** returned low Li<sub>2</sub>O values but up to 88 g/t Ta<sub>2</sub>O<sub>5</sub>. In contrast, samples collected underground in the Arce mine development area assayed from 1.38% to 6.04% Li<sub>2</sub>O from 1m by 1m panel sampling with massive zones of spodumene in the lowermost part of the area. It is speculated that the low lithium contents obtained on surface exposures of both El Totoral and Las Tapias may reflect weathering effects at surface.



**Figure 3: Map showing the location of the Las Tapias, Las Cuevas and other historic spodumene mines controlled by Oronegro (red dots) in the principal pegmatite districts of San Luis and Córdoba Provinces.**

The areas described above are the main targets for the next phase of lithium exploration. The work will include remote sensing interpretations, ground geophysical programs, regional and detailed geological mapping, and drilling.

The Company is in the process of obtaining the environmental permits for these exploration activities. These are expected to be received in the first quarter of 2017 to allow commencement of exploration in the second quarter of 2017.



### **Los Domos Gold Project – Santa Cruz Province, Argentina**

Dark Horse has entered into an Exclusivity Agreement with Tres Cerros Exploraciones SRL for the option to acquire 85% of the Los Domos Gold Project in Argentina through a series of staged payments, earning equity progressively, totalling U\$3.4 million, much of which is at the discretion of Dark Horse following consideration of initial results (as announced on 22 November 2016). Should the Vendor not wish to fund their 15% share of a mine development, they can elect to dilute to a 5% free carried interest in the project and a 2.0% NPI.

The Los Domos Gold Project is located in the central-eastern region of Santa Cruz Province, Argentina (**Figure 4**) and contains two exploration licences (Cateos Los Domos and Los Domos Norte as per **Figure 5**) covering a combined area of approximately 105km<sup>2</sup>. The region is host to numerous multi-million ounce, epithermal style gold-silver deposits within Santa Cruz Province including Cerro Vanguardia owned by AngloGold Ashanti, and Cerro Negro owned by Goldcorp (refer **Figure 4**).



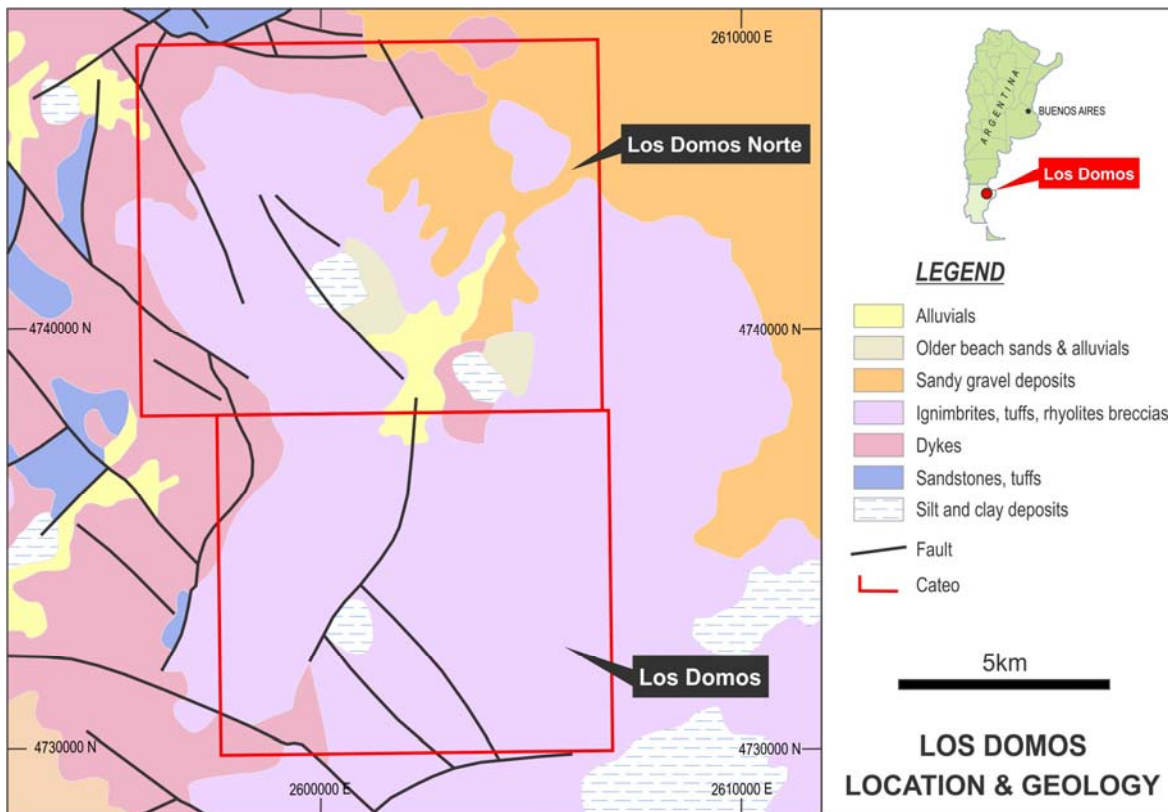
**Figure 4: Location of the Los Domos Project with other significant gold projects.**





**Figure 5: Location of the Los Domos and Los Domos Norte cateos (leases).**

Geologically, the project is located within the Deseado Massif dominated by Middle to Upper Jurassic volcanics of the Chon Aike Formation (**refer Figure 6**). This unit consists of acid tuffs, ignimbrites, pyroclastics, rhyolitic domes and flows, and is the host formation for a number of multi-million ounce, epithermal style gold-silver deposits within Santa Cruz Province including Cerro Vanguardia and Cerro Negro.



**Figure 6: Local geology at Los Domos.**



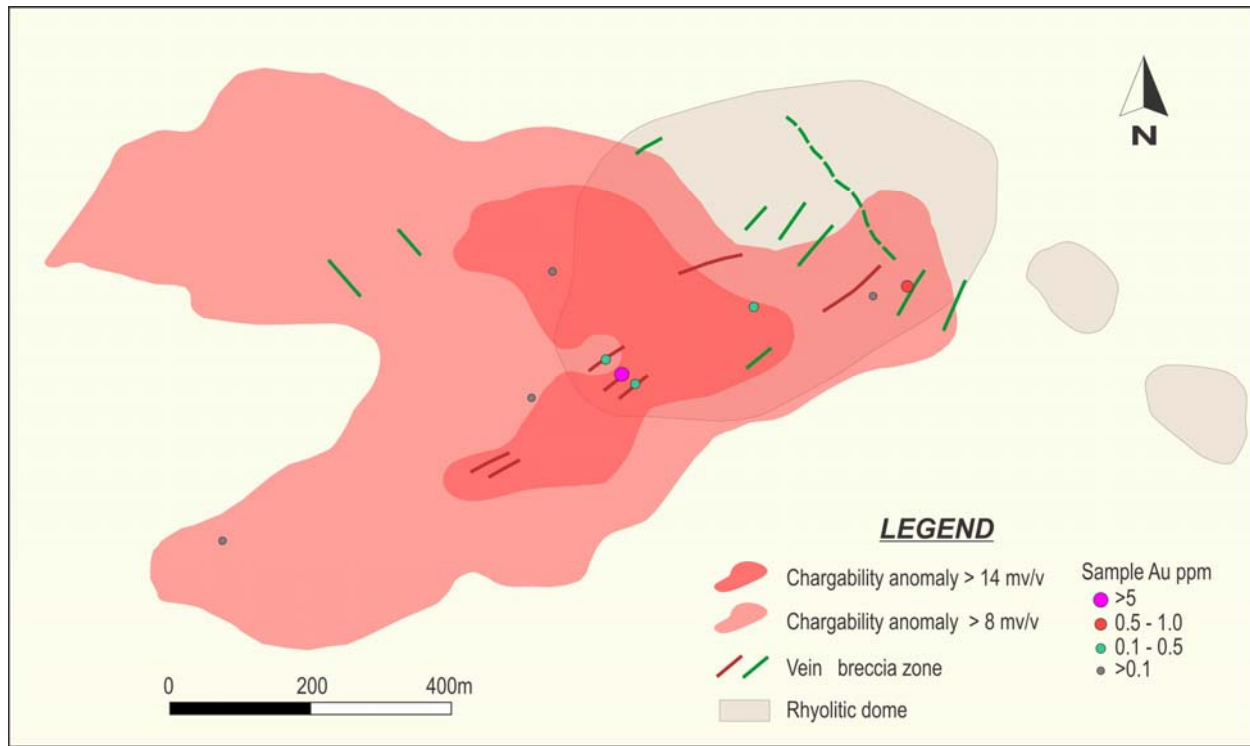
A number of target areas including La Punta, La Punta Norte, Sorpresa and Cerro Blanco, shown on **Figure 5** have been defined within the Los Domos Cateo associated with two, pervasively altered, rhyolitic domes. Highly elevated gold values from extensive lag sampling and analyses has indicated anomalous gold zones within epithermal vein structures and breccias. A significant amount of exploration work has been carried out on the properties over several years and includes Gradient Array IP (delineating an anomaly), extensive lag sampling on a surveyed grid (resulting in elevated and anomalous Au and Ag grades), regional geological mapping and detailed mapping of vein structures. The vein systems show the typical gold bearing epithermal characteristics.

The main target area within the Los Domos Cateo is La Punta (general location shown in **Figure 4**). Some photos of mineralised rock samples from vein/breccia systems (a, b and c) and silica cap (d) within the La Punta Prospect Area are included below.



**Photo 2: Photos of mineralised rock samples (a, b and c) from vein/breccia systems and silica cap (d) within the La Punta Prospect Area.**

**Figure 7** shows the outlines of the rhyolitic domes, the IP chargeability anomaly, quartz veins and breccia areas with some historical rock chip assay results, the highest returning 5.7 g/t Au.



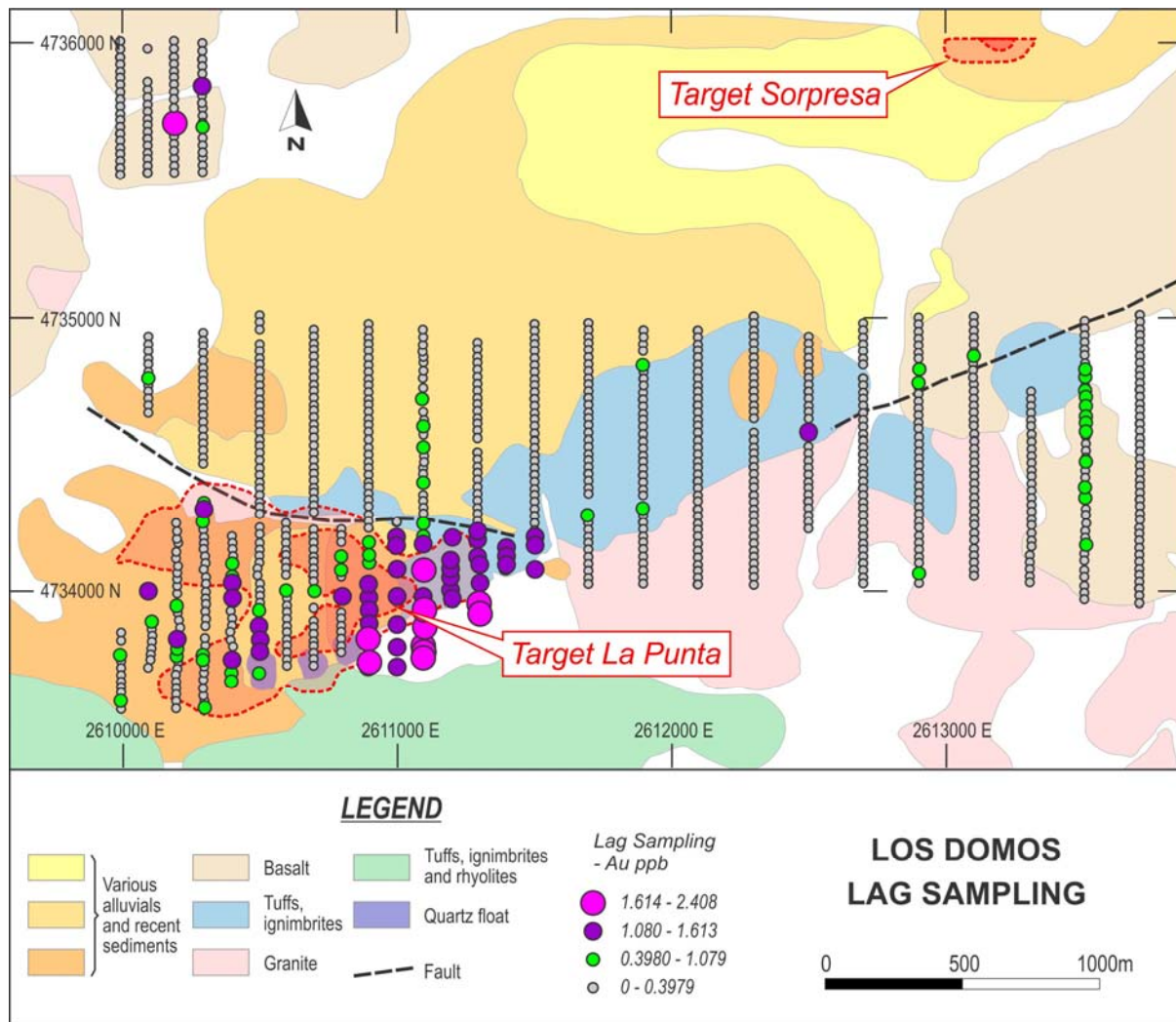
**Figure 7: La Punta prospect showing IP Chargeability Anomaly, Rhyolitic Domes, Veins and Breccia zones.**

**Figure 7** shows the lag sampling results plotted on an overlay of the geology (the larger circles are anomalously high Au values) and the coinciding IP anomaly area. The IP chargeability anomaly and vein structures were overlain on an ASTER satellite image, which shows a distinctive hydrothermal alteration zone. The accumulative data available for La Punta allows for this prospect area to be considered an immediate drill target.

Dark Horse's proposed exploration program will target the "drill ready" rhyolite dome hosted bulk style mineralization at the La Punta prospect and also the relatively unexplored epithermal high-grade vein/breccia systems in four other identified prospect areas and more regional reconnaissance to identify further prospective zones.

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).

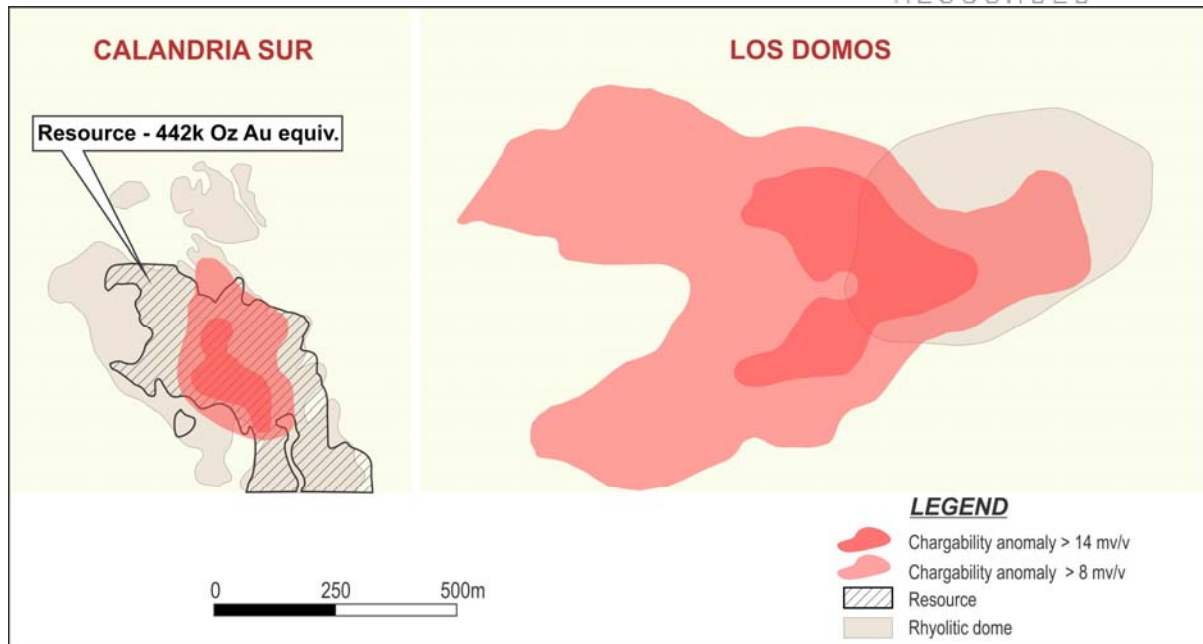




**Figure 8: Lag Sampling Survey results showing elevated gold values coinciding with the IP Chargeability Anomaly at La Punta overlain on the geology.**

The Calandria Sur deposit is a bulk tonnage, epithermal (rhyolite dome hosted) gold-silver deposit with contributions to the resource from associated high-grade Au-Ag vein/breccia systems. Further resources are likely to be defined with continuing exploration. The Calandria Sur deposit has many similarities to the La Punta prospect area in Los Domos. **Figure 9** shows the IP Chargeability anomalies for both La Punta and Calandria Sur at the same scale. La Punta is a much larger footprint and compares quite favourably with Calandria Sur.





**Figure 9: Comparison of the IP Chargeability Anomalies for La Punta prospect and Mariana's Calandria Gold-Silver deposit on same scale.**

Dark Horse is carrying out the initial legal and technical due diligence on the project. An experienced, professional Argentine geologist with significant exposure to the geology of Santa Cruz province, and gold exploration, has been engaged by Dark Horse to carry out the technical due diligence for the project. The work will consist of the following:

- A database compilation of previous information under a GIS environment;
- A 7 day field trip to the property to check onsite structures, mineralization and geochemical anomalies taking new rock samples to replicate previous precious metal content;
- A geophysical Resistivity/Conductivity survey reprocessing from archive data in order to validate geophysical anomalies.

The Company's Argentine legal counsel, Oliva & Nicastro Abogados, is carrying out the legal due diligence on the properties and the Argentinean company.

The due diligence is well underway and Dark Horse expects to be in a position to make a decision to proceed with the option agreement in the next quarter.

### **Dark Horse Resources (US Gold Projects)**

On 19 September 2016, Dark Horse advised the market that it had essentially lost the legal dispute over the extent and legal framework for the Company's interest in the Carlin East gold project in Nevada. Accordingly, the Company wrote off the carrying value of this interest. The Company is considering whether or not to maintain any interests in its remaining US gold projects given its numerous and exciting project interests in Argentina.

### **Dark Horse Resources (Australian Projects)**

In April 2016 the Company lodged a PACE Application for the co-funding of an exploration drill hole in one of its South Australian mineral tenements held by its 100% subsidiary Mingoola Gold Pty Ltd. During the quarter the Company was successful in obtaining a potential grant of up to \$85,000 in costs (capped at 50% of the actual costs), and is now in the process of executing the formal documentation. The drilling would need to be undertaken by June 2017 for the Company to be eligible to draw on the PACE grant contribution. This is under consideration.

### **NavGas (Australian Oil & Gas Projects)**

As outlined in the Company's ASX release of 18 January 2017, the scrip-based acquisition of NavGas Pty Ltd has now been settled by ASX-listed Lakes Oil NL, with Dark Horse Resources now owning 9,278,407,344 fully paid shares in Lakes Oil, together with its existing 40,000 Lakes Oil \$10 Convertible Notes.

Lakes Oil intends to expedite exploration activity within the NavGas package, particularly through drilling of the largest and most prospective of identified leads within ATP 1183 (Queensland), as follows:

- The Wellesley Prospect, a fault-bound, three-way dip closure located to the south of the productive Kincora gas field and covering about 4.4 km<sup>2</sup>. A well will be drilled to around 1,650 metres depth to test the updip potential of the Boxville Sands, which exhibited elevated gas levels and very good porosity in the historic (1979) Wellesly-1 well that was drilled on the edge of structural closure and was untested.
- The Major East Lead, a four-way dip closure lying to the east of the existing Major gas field. A well of approximately 1,850 metres depth will be drilled to test the Showgrounds Sandstone, which is the productive formation in surrounding fields.

In addition to the above, Lakes Oil has announced that, subject to further technical review and funding, it is envisaged two historic (pre-NavGas) wells may be re-entered to target oil pay zones that were overlooked or not properly tested when the wells were drilled, owing to erroneous depth correlations between logging, drilling and testing activities.

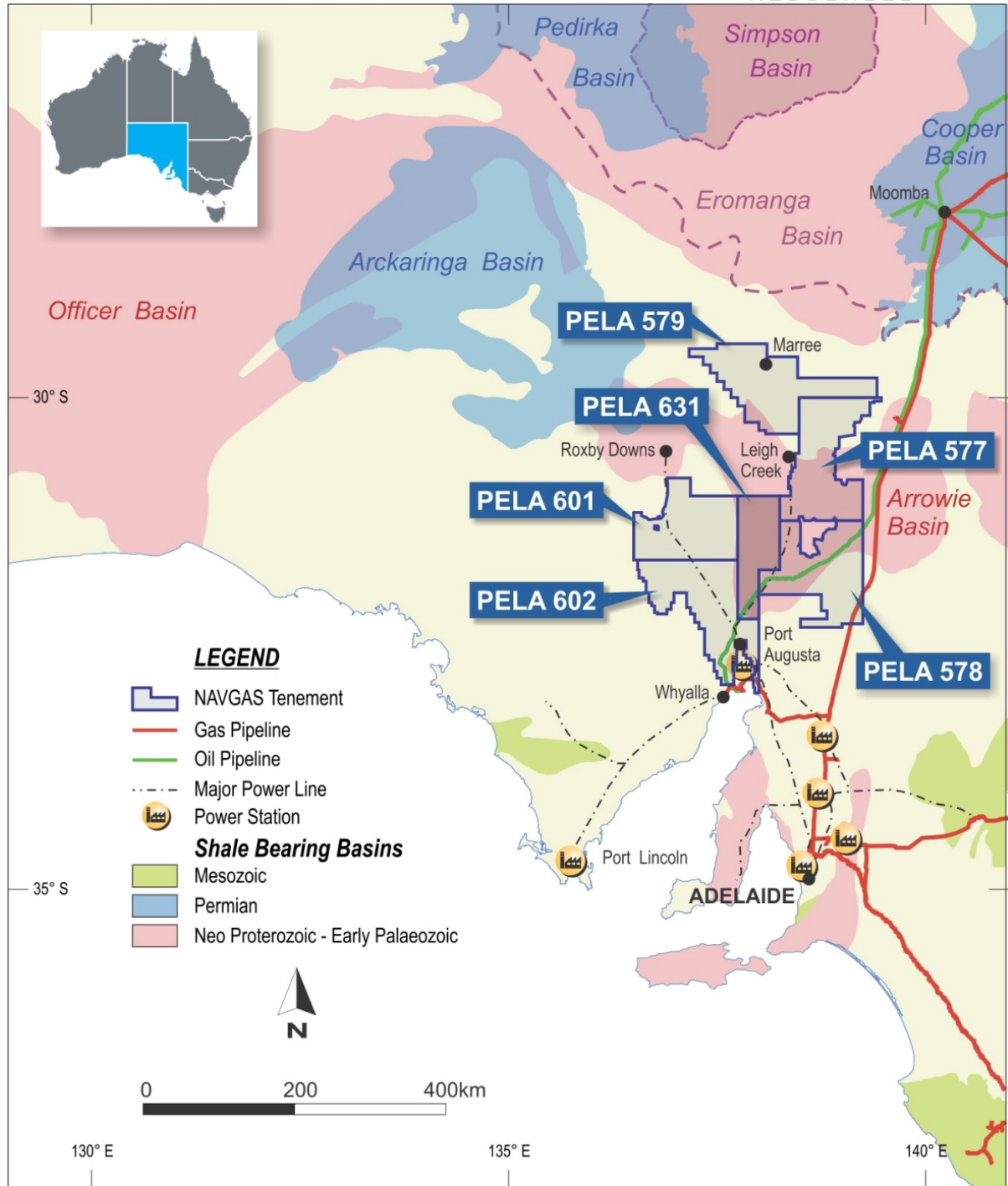
Within NavGas' South Australian licence application areas, Lakes Oil intends to exploit the potential for oil production to the north of Wilkatana, in an area of closure associated with the Torrens Hinge Zone, and the potential for production of gas from the Tindelpina Shale, which has been demonstrated to contain gas, are of immediate interest. Neither of these prospects has been explored using modern techniques.

Lakes Oil has a conditional arrangement in place with DGR Global Limited for the proposed capital raising to be underwritten in the amount of \$1.5 million.

### **About NavGas**

#### **Pirie Torrens Basin Oil & Gas Project – South Australia**

The Pirie Torrens oil & gas project incorporates six (6) PELA's (Petroleum Exploration Licence Applications) covering approximately 53,000km<sup>2</sup> and is located in South Australia as outlined in **Figure 10**. The project was originally generated by Dark Horse on the basis of its potential prospectivity for unconventional shale gas.

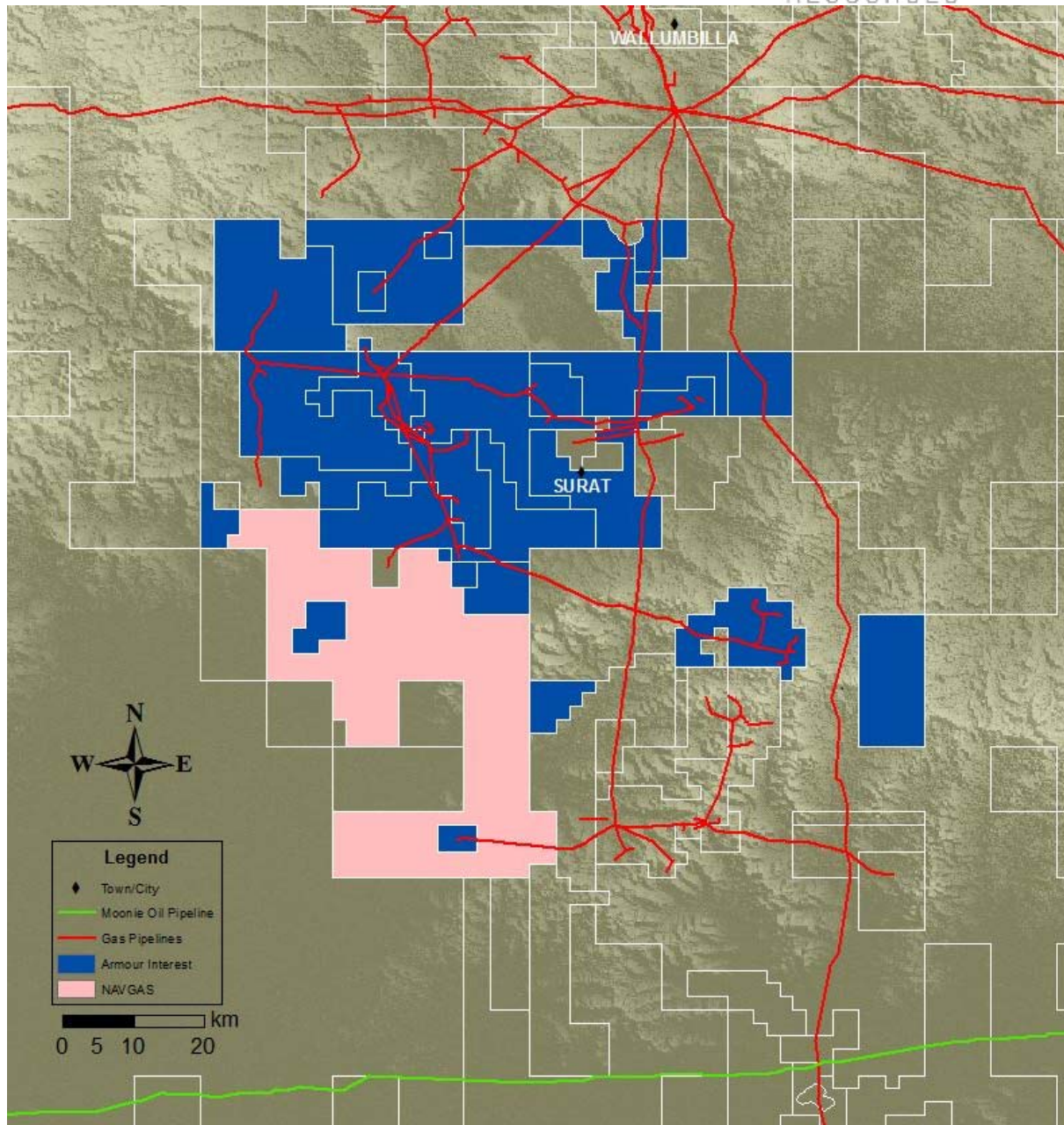


**Figure 10: Pirie Torrens Project area in South Australia**

### Roma Shelf Oil & Gas Project - Queensland

During 2014 NavGas was successful in tendering for ATP 1183 on the Roma Shelf in Queensland, which is considered highly prospective for oil, gas and condensate targets. The granted tenement area surrounds the Riverslea Oil Field and Major Gas/Condensate Field, both of which are excluded from the permit under Petroleum Leases, and is adjacent to Armour Energy Limited's Kincora Project footprint (refer **Figure 11**).





**Figure 11: Location Map for the Roma Shelf Project (Surat Basin) showing Armour Energy's Kincora Project in blue, and NavGas' ATP 1183 in pink.**

The Roma Shelf Project is situated in an area with established production facilities and infrastructure, and is well serviced by existing gas pipelines.

In 2015, NavGas was successful in having the tenure period for the Roma Shelf automatically extended from four to six years, under amendments made to Queensland's Petroleum and Gas (Production and Safety) Act.



## CORPORATE ACTIVITIES

### Fundraising

In December 2016, the Company undertook a private placement with a small number of professional and sophisticated investors to raise a total of \$651,267 at a price of \$0.008 per share. The Company intends to use the funds for its on-going exploration and project related commitments across its Argentinean portfolio, as highlighted in this report.

## INTERESTS IN TENEMENTS

Refer Appendix A to this report.

### 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.

### Forward Looking Statement

This announcement may contain certain statements and projections provided by or on behalf of Dark Horse Resources Limited (Dark Horse, the Company) with respect to the anticipated future undertakings. These forward-looking statements reflect various assumptions by or on behalf of the Company. Accordingly, these statements are subject to significant business, economic and competitive uncertainties and contingencies associated with exploration and/or mining which may be beyond the control of the Company which could cause actual results or trends to differ materially, including but not limited to price fluctuations, exploration results, reserve and resource estimation, environmental risks, physical risks, legislative and regulatory changes, political risks, project delay or advancement, ability to meet funding requirements, factors relating to property title, native title and aboriginal heritage issues, dependence on key personnel, share price volatility, approvals and cost estimates. Accordingly, there can be no assurance that such statements and projections will be realised. The Company makes no representations as to the accuracy or completeness of any such statement of projections or that any forecasts will be achieved.

Additionally, the Company makes no representation or warranty, express or implied, in relation to, and no responsibility or liability (whether for negligence, under statute or otherwise) is or will be accepted by the Company or by any of their respective officers, directors, shareholders, partners, employees, or advisers as to or in relation to the accuracy or completeness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this presentation or any omission from this presentation or of any other written or oral information or opinions provided now or in the future to any interested party or its advisers. In furnishing this presentation, the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in Dark Horse.

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

## APPENDIX A TO QUARTERLY ACTIVITIES REPORT

### INTEREST IN TENEMENTS HELD IN THE QUARTER

As at the date of this report, the Group has an interest in the following tenements.

#### ***Australian Tenements***

No tenements were acquired or disposed of during the quarter.

Tenements held in Australia are as follows:

Tenement	Location	Current Holder	% Interest	Granted
Triple Bluff (EL5700)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	19 Jan 2016
Parachilna (EL 5690)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	26 Nov 2015
Wallerbedina (EL 5693)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	26 Nov 2015
Kallioota (EL 5694)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	26 Nov 2015
Monument (EL 5695)	South Australia	Mingoola Gold Pty Ltd	100% (2 year term)	26 Nov 2015
Torrens (EL 5638)	South Australia	Dark Horse Resources Ltd	100% (3 year term)	2 July 2015

#### ***USA Tenements (Note that the USA tenement interests are in dispute as outlined in the body of the Report)***

In the September 2016 quarter the Company abandoned any claim it had over the Carlin East Project in Nevada, USA as a result of an unfavourable US court ruling. The Company is now reconsidering whether or not to continue to have any interest in any US projects, but is yet to make a final decision.

Accordingly, at the end of the quarter, the Company still retains an interest in five (5) projects in New Mexico and currently has an interest in, or holds options and farm-in agreements over, the following claim areas:

Tenement	Location	Current Holder	% Interest
CC 178	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 189	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 192	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 194	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 195-198	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 203-205	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 217-222	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 226-227	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC307-309	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
CC 407-409	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 201	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 207	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 307-309	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%

Tenement	Location	Current Holder	% Interest
TB 405-406	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 711	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 715-716	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 1110	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
TB 1210	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
LSP 108-109	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
LSP 104-115	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
FR 186-188	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
GR 130-131	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%
GR 136-137	New Mexico USA	Oryx Resources Inc	Big Iron Resources earn up to 51%

### ***Argentinean Tenements***

In August / September 2016, the Company rationalized its holdings in the Marayes project area, relinquishing a number of the less prospective tenements. The Company still has four (4) applications pending for Marayes, and an option agreement with an Argentinean lease holder (Mr Herrera).

The interests held by the Company at the end of the quarter in relation to the Pico Quemado / Nirihuau coal project are as follows:

Tenement	Location	Current Holder	% Interest
30.143-M-2005	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
29.092-M-2004	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
33.030-M-2008	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
37.058-M-2012	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
37.150-M-2012	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%
40.039-M-2015	Rio Negro, Argentina	Dark Horse	Dark Horse can earn up to 75%