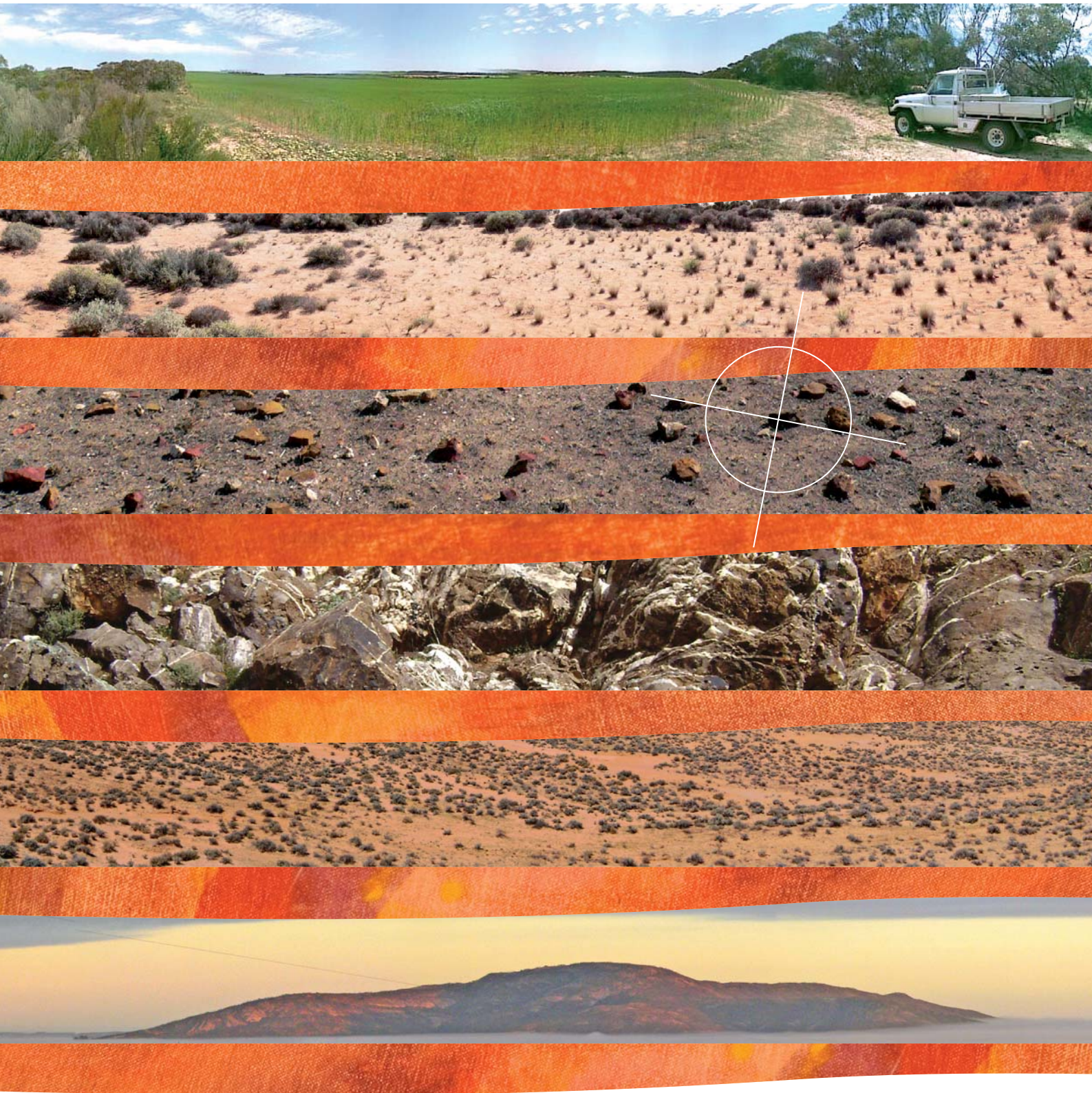


ARCHER EXPLORATION LIMITED ANNUAL REPORT 2009



Corporate Directory

Archer Exploration Limited

ABN 64 123 993 233

Directors

Greg English

Chairman

Tom Phillips AM

Director

Alice McCleary

Director

Gerard Anderson

Director

Company Secretary

Craig Gooden

Registered Office

Level 1, 135 Fullarton Road

Rose Park SA 5067

Telephone +61 8 8332 5033

Facsimile +61 8 8364 4288

www.archerexploration.com.au

Share Registry

Computershare Investor Services Pty Ltd

Level 5, 115 Grenfell Street

Adelaide SA 5000

GPO Box 1903 Adelaide SA 5001

Investor Enquiries (within Australia):

1300 556 161

Facsimile +61 8 8236 2305

Auditors

Grant Thornton

South Australian Partnership

Level 1, 67 Greenhill Road

Wayville SA 5034

Solicitors

Norman Waterhouse Lawyers

Level 15, 45 Pirie Street

Adelaide SA 5000

Bankers

Bank of Queensland

151 Pirie Street

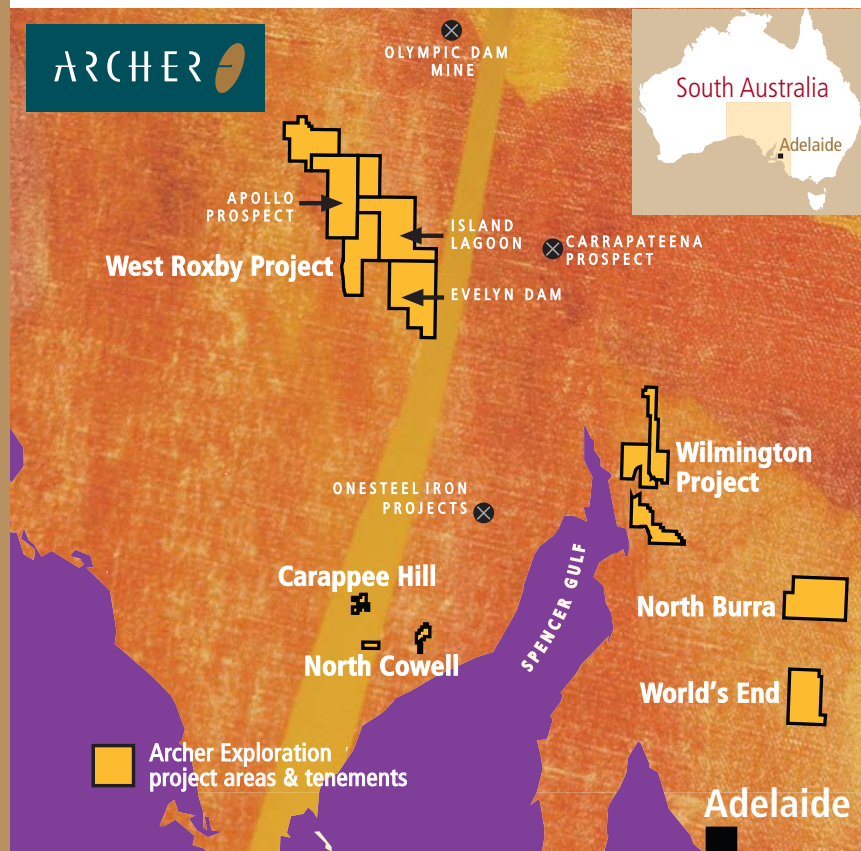
Adelaide SA 5000

Australian Securities Exchange:

ASX code: AXE and AXEO

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— Highlights and achievements

- *Drilling at Jamieson Tank identified major occurrences of near surface manganese mineralisation*
- *Field work continues to identify new anomalies and exploration targets on Burra and Wilmington tenements*
- *Maintained a strong cash position of \$4.97 million at end of financial year 08/09*
- *Company has consolidated its current tenure and cash holdings and has been assessing numerous growth opportunities*
- *Successful management transition completed following appointment of Mike Hatcher as CEO of the Company.*





Letter from Chairman

Dear Shareholder,

The 2009 financial year has been a year of consolidation for the Company.

During 2009 the focus of Archer's exploration effort was at the West Roxby Project, Carapee Hill and the newly granted Wilmington and Burra Projects. The Company undertook its maiden drilling program at Carapee Hill to explore for near surface manganese and copper gold mineralisation as well as deeper magnetite targets. The results of the drilling (reported elsewhere in this Annual Report) exceeded expectations with the best drillholes reporting 10m manganese at 16%, including 2m at 22%.

At Burra and Wilmington geophysical data sets available to the Company identified several copper and gold targets that have been followed up with field surveys. A large copper-gold target was identified at Bender and further positive results were reported at Wilmington and World's End.

More importantly, the year has been one that has advanced our understanding of the Company's assets and we are now firmly focused on managing the strategy to develop a pipeline of greenfields and advanced projects in the medium term. In the Review of Operations section of this report we provide an overview of progress made during the year and a more detailed explanation of the prospectivity of each tenement.

In August 2009 the Company appointed Mr Mike Hatcher as CEO and Mr Greg English reverted from the role of Executive Chairman to Chairman. Mike is a well qualified and experienced geologist with nearly 40 years of Australian and international experience. The last 8 years Mike spent working for Newmont in Australia and Africa.

During the year Archer was not immune to the reduction in share price experienced by nearly all exploration companies as a result of the Global Financial Crisis. Many companies during this period were forced to undertake capital raising at low share prices in an effort to raise funds. These capital raisings had a highly dilutionary effect on existing shareholders due to the large number of new shares issued.

Unlike many of its peers, Archer did not need to raise any further funds due to prudent financial management policies adopted by the Company. At 30 June the Company had \$4.97 million cash in bank, despite spending more than \$1.0 million on exploration during 08/09.

Archer has in place a small and highly skilled management team that has worked with a high degree of motivation and focus throughout the year, not only enhancing the value all of the assets which are all 100% owned and controlled by the Company but also establishing the Company with a clear growth strategy that should deliver strong shareholder value into the future.

Finally, I would like to express my appreciation to the shareholders who have supported the Company, my fellow directors and the team at Archer Exploration. It has been a year of consolidation in which we have cemented the foundations for the Company's future.

With the right people, the right assets and a clear strategy and focus, I have every confidence that we can look forward to a year of substantial progress and achievement.

Yours sincerely,



Greg English
Chairman



Review of Operations



Archer Exploration Limited has a 100% interest in all of its tenements. The tenements cover an area in excess of 7,000 km² in the highly prospective Adelaide Fold Belt and Gawler Craton regions of South Australia.

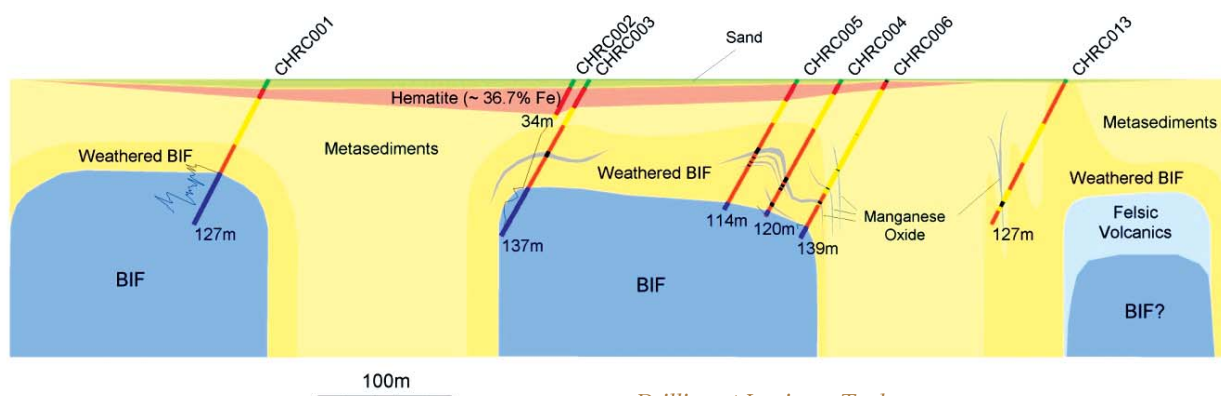
Ongoing assessment of the West Roxby Project (near Roxby Downs) has established a strong understanding of the geophysical structures that control the potential mineralisation. Initial assessment of the potential of other targets in the same area has also been positive, with potential targets identified at Evelyn Dam, Apollo and Sagitarius. The West Roxby Project represents a valuable, large contiguous tenement holding (in excess of 4,000km²) in a highly mineralised mining province.

The drilling at Jamieson Tank confirmed the presence of shallow manganese mineralisation. Jamieson Tank extends into Monax Mining Limited's adjacent Wadikke Project. In August 2009 OM Holding Limited announced that they would spend \$2.0m to earn a 60% joint venture interest over manganese and iron at Wadikke.

Exploration at the Company's Wilmington and Burra Projects identified copper and gold mineralisation and the presence of major geological structures. The presence of these structures and associated mineralisation provides the Company with optimism about the possibility of future discoveries.

The Company continues to maintain a strong focus on safety, environmental management and community engagement. The Company had no reported accidents or incidents for the year and has established a positive reputation with all land owners in the areas in which we operate.

Archer Exploration has maintained a strategy since ASX listing of managing its corporate funds in a prudent and effective manner and therefore maintains a low overhead structure and a strong cash balance of \$4.97 million at 30 June 2009.



Drilling at Jamieson Tank has confirmed the presence of manganese and iron mineralisation

Iron and manganese

Iron

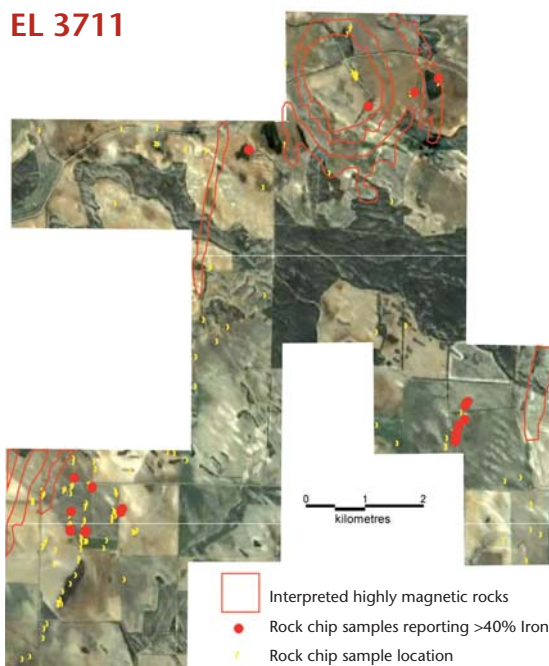
The Company's 100% owned Carapsee Hill tenement (EL 3711) contains the Jamieson Tank Manganese and Iron Project. Drilling at Jamieson Tank has confirmed the presence of manganese and iron mineralisation previously identified by Western Mining Corporation Limited (WMC).

In July 2008 the Company completed its maiden drilling program at Carapsee Hill. Davis Tube Recovery (DTR) testing was conducted on the magnetite mineralisation with encouraging results for the recovery of magnetite from holes CHRC001 and CHRC003 which were drilled to determine the prospectivity for recoverable magnetite. Recoveries of up to 25% were achieved with high iron grades of 68% reported. Due to limitations and mechanical failures of the drilling equipment used, other holes (CHRC004, 005 and 006) could not be drilled far beyond the depth of the water table. Therefore, the Company was unable to adequately test the magnetite potential of these holes.

At the time of drilling a weathered hematite blanket between 5 to 25m thick was also intercepted close to the surface with iron grades of up to 45%.

Rock chip sampling also highlighted the significant potential in the south east of the tenement with an iron rich ridge line reporting values over 50% iron from reconnaissance sampling. Further rock chip sampling is required to understand the extent and nature of the mineralisation in this area.

EL 3711



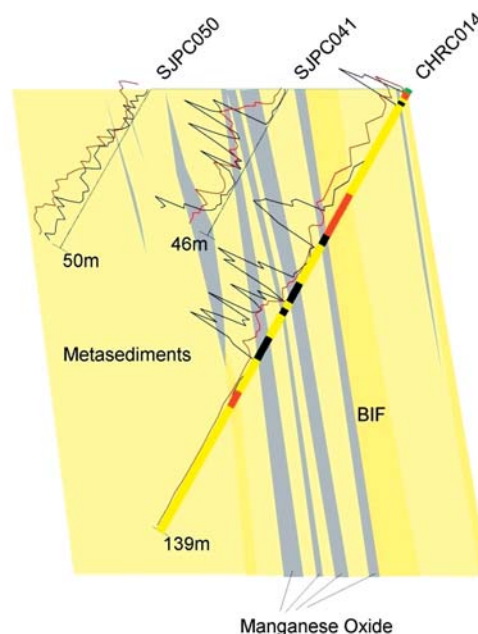
Manganese (Mn)

The drilling undertaken in July 2008 also targeted previous manganese occurrences identified by WMC. Archer drilled two holes (CHRC014 and CHRC015) to test for depth extensions to the manganese. Hole number CHRC014 reported the best manganese intervals 10m @ 16% Mn whereas CHRC015 reported no interval over 10% Mn.

Hole Id	Depth from (m)	Depth to (m)	Interval (m)	Manganese
CHRC014	41	51	10	16%
including	46	48	2	22%
CHRC014	61	83	22	12%
including	79	83	4	18%

The figure below shows the manganese values as a black line down the drill hole trace whilst the red line indicates the reported iron contents below 20%. The drilling was successful in extending the known manganese depth mineralisation identified in the previously drilled hole SJPC041 (WMC). Potential exists for economic extensions to the manganese mineralisation to the north.

The Jamieson Tank manganese occurrence extends in a westerly and northerly direction across strike and along strike from Carapsee Hill Project into the adjacent Wadikkee Project owned by Monax Mining Limited. The thickest and best reported drilling results to date have been from Archer's Carapsee Hill side of Jamieson Tank. On 27 August 2009 Monax announced that a subsidiary of manganese producer OM Holdings Limited had agreed to spend \$2m to earn a 60% interest in the iron and manganese mineral rights in the Wadikkee tenement.



Copper and Gold

Over the past 12 months Archer has identified a number of copper and gold anomalies across tenements granted in this reporting period. Exploration programs comprising rock chip sampling, soil sampling and auger drilling have been successfully conducted at Baroota (EL 4201) and Worlds End (EL 4230).

West Roxby (EL 3851, 3869, 3724, 3722 and 3721)

An aerial high resolution magnetic data survey was flown over the Evelyn Dam, Apollo and Island Lagoon prospects. The data was processed and then combined with the comprehensive gravity data set previously compiled by the Company. The combined high resolution data set has enabled Archer to comprehensively model the Evelyn Dam, Apollo and Island Lagoon Prospects. That modelling has enabled the Company to accurately locate collar locations of future drill targets.

Modelling was also performed on both gravity and magnetic data to develop a greater understanding about the subsurface geology within the West Roxby tenements. This involved reprocessing the data so that both the magnetic and gravity data could be viewed as a single residual image (see below). The legend indicates that red colours are highly magnetic and dense, green/yellow are dense materials with low magnetic properties.

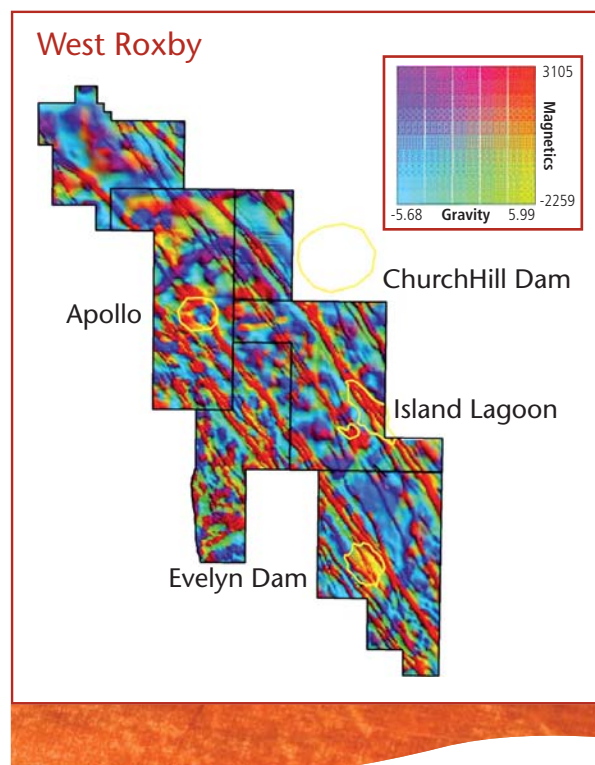
The most prominent features are the Gairdner Dyke Swarm, which are the long linear red bodies. Their presence masks the underlying geophysical characteristics which can create false anomalies, such as the large Island Lagoon anomaly. However, other potential IOCG anomalies such as Evelyn Dam are clearly identified. The Project area has other anomalies (shown in yellow/green) that are perpendicular to the Dykes, which are also areas of interest to the Company.

The West Roxby Projects were covered by two separate overlapping native title claims and during the year the Company completed separate Native Title Mining

Agreements with the Barngarla Native Title Claimants and Kokatha Native Title Claimants. Heritage surveys were conducted over potential drill sites to identify areas of significance to the respective claimants. Results from the two surveys were inconsistent and conflicting and the Company spent great effort during the year trying to resolve the conflicting reports.

On 21 August 2009 the overlapping native title claims were removed and replaced by a new Kokatha Uwankara Native Title Claim. At the date of this report the company had terminated the Kokatha Native Title Agreement and is in the process of terminating the Barngarla Native Title Mining Agreement. The removal of the overlapping claims should enable the Company to plan future work programs with greater certainty.

Archer believes that West Roxby Project is an exciting area that has the essential tectonic and structural parameters consistent with IOCGU ore bodies. The Company will continue to assess the best methodology for the development of this Project which may include either drilling the prospects or seeking the support of a joint venture partner.



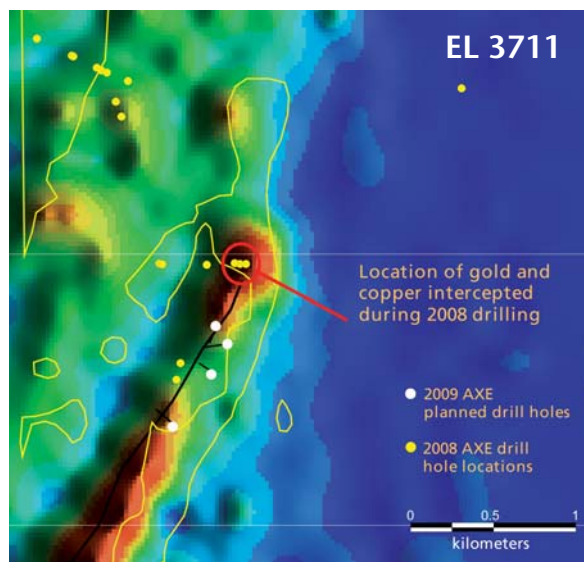
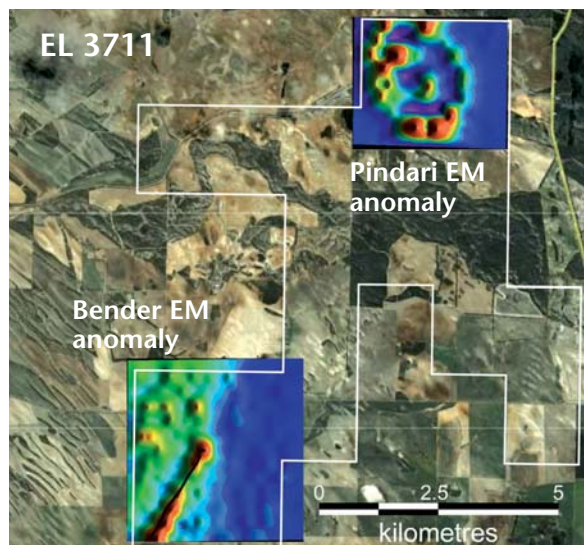
Carappee Hill (EL 3711)

Bender

Further drilling at Carappee Hill has been delayed until after the cropping season has finished for the 2009 calendar year. During the 08/09 financial year, additional gravity and electromagnetic data was collected for the Bender Prospect and the Pindari anomaly.

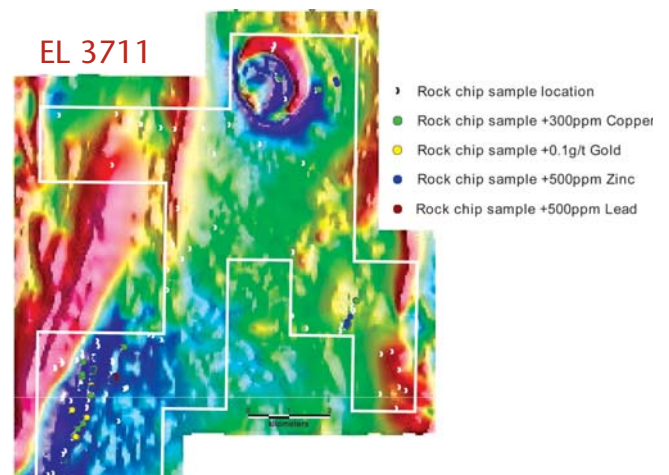
Rock chip and soil samples were taken across the tenement during the period which highlighted the base metal potential of additional areas within the tenement. Assays of these samples support the copper and gold potential of the Bender prospect.

Clusters of rock chips also reported elevated copper, lead and zinc values in the south eastern and northern parts of the tenement. Once the cropping season has ceased for the year additional sampling across these areas will be undertaken to determine the extent of the anomalous metals.



Pindari

In the north of the tenement lies the Pindari anomaly, which is a concentric circular magnetic feature. It appears to display an intrusive characteristic and was historically explored for diamonds. Two holes were drilled by early explorers to test for the presence of kimberlite rocks, which was not successful. The rocks were identified as amphibolites. Petrology performed by Archer on one sample of drill core, identified the rock as having an ultra-mafic origin. The sample also contained minor amounts of chalcopyrite (copper sulphide) and pentlandite (iron nickel sulphide).



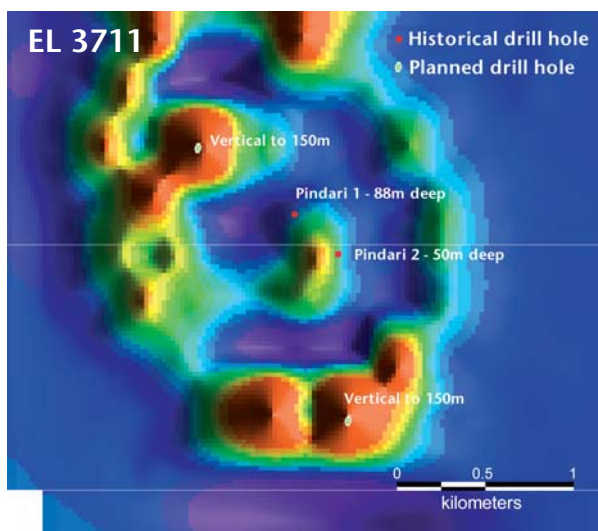
Small composite sulphide grains in peridotite, mostly violarite ± pale pentlandite with yellow chalcopyrite locally enclosing lamellar of low-temperature pyrite.

*Bender: Gravity high outline in yellow.
Highly conductive bodies appear red.*

The two historic holes located at Pindari were recovered from PIRSA and examined. Neither hole had been previously assayed. Both holes had selected samples taken over the length of the core and were assayed by Archer for a suite of elements.

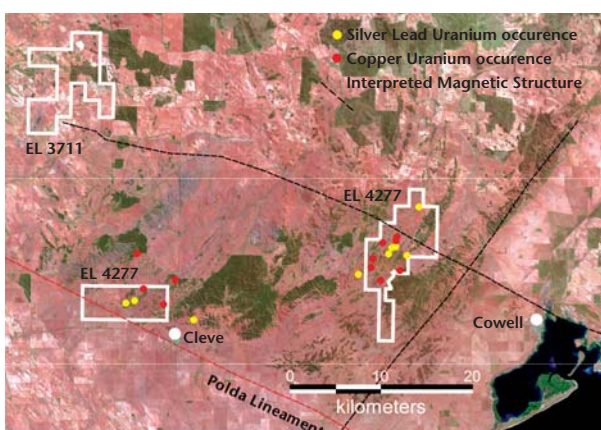
The Pindari assays reported elevated nickel, chromium and copper. Some of the anomalous values were reported in the weathered rock (which typically concentrates chromium, nickel and copper metal values through a process known as laterisation). However, elevated grades persisted into the fresh rock in Pindari 1, down to a depth of 88m. This depth is 30m shallower than the conductive body identified by Archer from the electro-magnetic survey.

The Pindari anomaly remains a prospective target for nickel, chromium and base metals.



North Cowell (EL 4277)

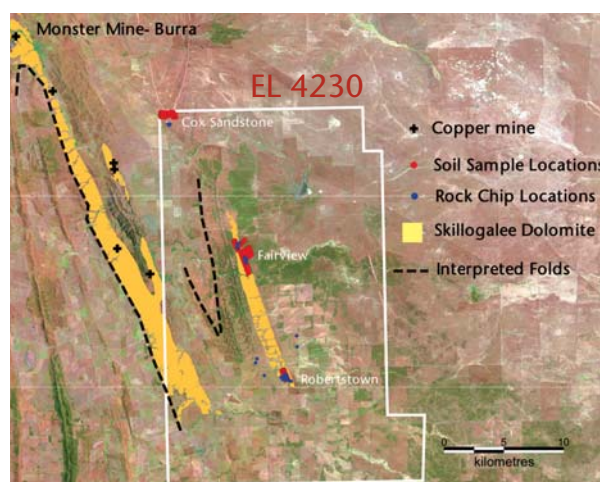
The North Cowell tenement was granted to the Company late in the 08/09 year. Consequently, the Company has not had the opportunity to explore the tenement. However, the Company has commenced



a systematic review of available exploration data and reports to determine the best exploration program for this project. On ground activities will commence after this review is completed.

World's End (EL 4230)

The World's End Project is located approximately 20km southeast of the township of Burra and contains the same host rock (Skillogalee Dolomite) as the historic Burra Monster Mine.



Location of rock chip and soil samples on EL 4230, Worlds End.

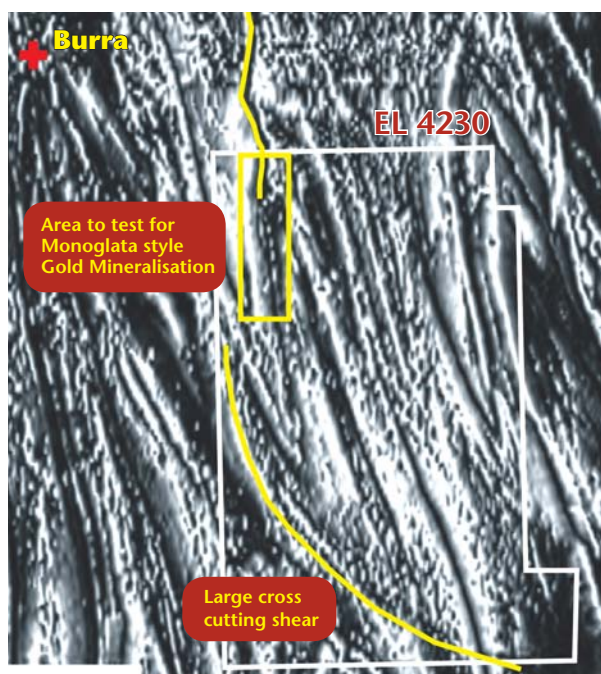
Gold anomalies have been discovered at both the Cox Sandstone and Robertstown locations with one rock chip sample reporting 1.75g/t gold and 1.14% copper from Robertstown. Follow up auger drilling at Robertstown identified a copper anomaly approximately 300m in strike length.

Soil sampling at the Cox Sandstone (host unit for gold at the Mongolata goldfields, located immediately north of EL4230) revealed a very low gold anomaly associated with a north east striking magnetic feature. Additional soil samples are planned to extend the anomaly and define its magnitude.

Rock chip sampling at Fairview has revealed a copper anomaly that appears to strike in a north east orientation. Values of up to 0.1% copper were returned from this sampling.

Reprocessing of available magnetic data has revealed important structural information which has led to the interpretation of two important features. In the south of the tenement a large shear is evident that appears to crosscut the geology. The presence of a shear is encouraging as they traditionally play host to major gold deposits in Western Australia.

In the north of the tenement a roughly north south trending structure is visible that is a direct southerly extension of the Mongolata Goldfields to the north. This may prove to be a focus for gold mineralising fluids. Both of these structures will be followed up with ground inspections and sampling.

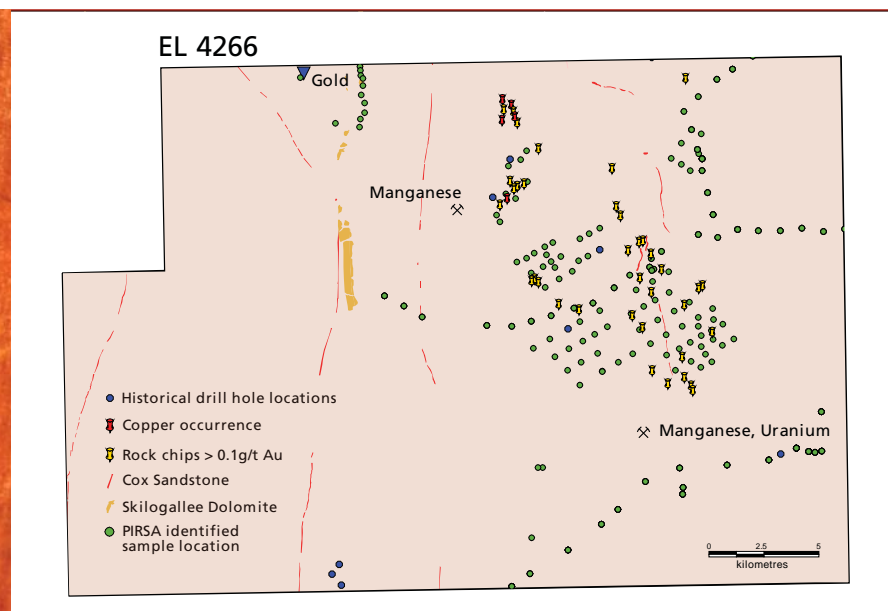
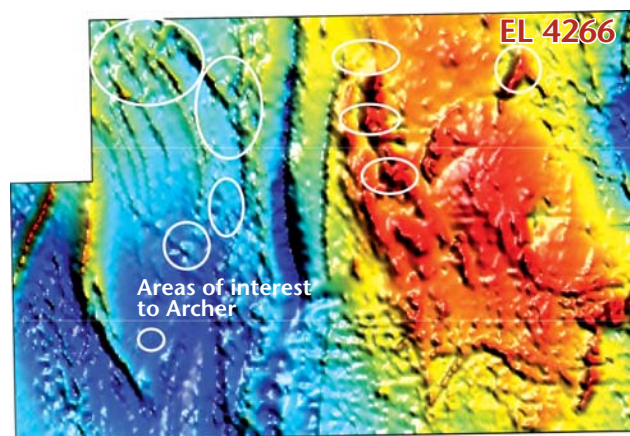


North Burra (EL 4266)

Work has commenced on reviewing available historical exploration data with a number of these samples reporting over 0.1g/t gold. Some of these sample locations have not been followed up with deep drill testing and remain as promising targets for gold mineralisation. Copper anomalism appears to be associated with elevated manganese values and may be the result of weathering processes.

Reprocessing of available magnetic data is yet to occur, although data to date is encouraging as it highlights the importance of structure as a controlling influence for mineralising fluids. Locations within the tenement can be observed where there are flexures or cross cutting structures in the underlying geology. These sites can be favourable for the precipitation of metals.

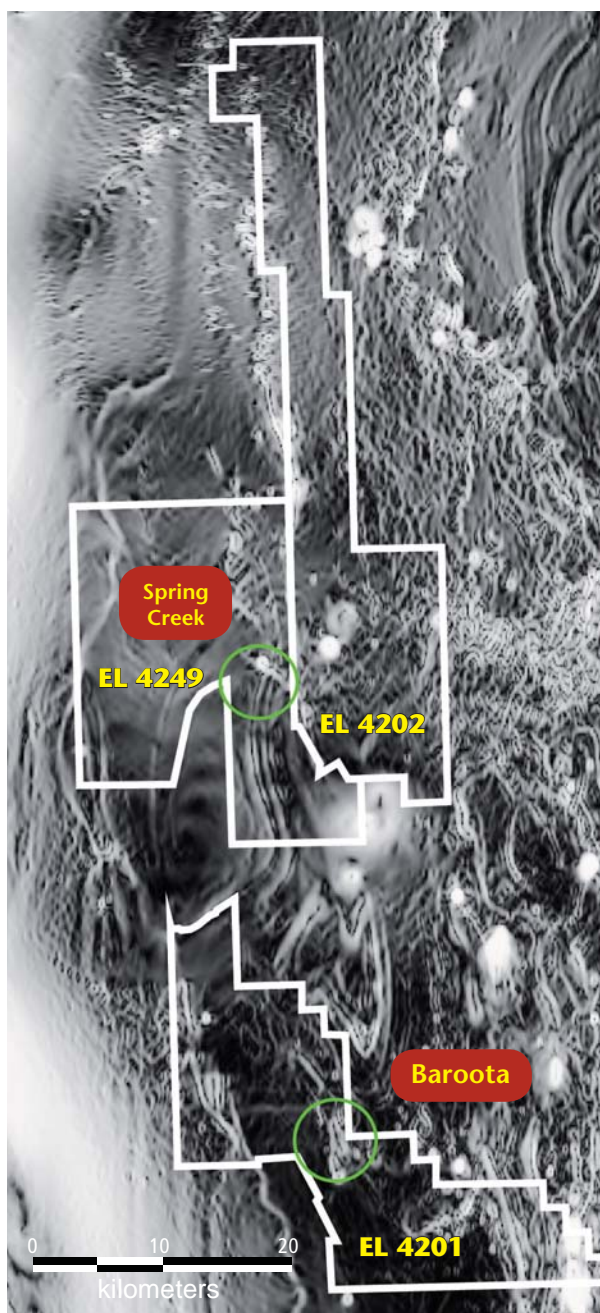
The Cox Sandstone in the central part of the tenement appears not to have been previously explored for gold. Archer has identified locations for follow up sampling to test these structures as well as the Cox Sandstone for gold mineralisation.



Wilmington Project (EL 4201, 4202 and 4249)

Exploration Licences 4201 (Baroota) and 4202 (Pinda) were granted to Archer in November 2008. EL 4249 was then granted to Archer in April 2009. The main exploration activities comprised;

- Reprocessing of publicly available magnetic data.
- Soil and rock chip sampling around the Whyte Park Inlier, Baroota.
- Application to PIRSA to commence exploration at the old Spring Creek Copper Mine.



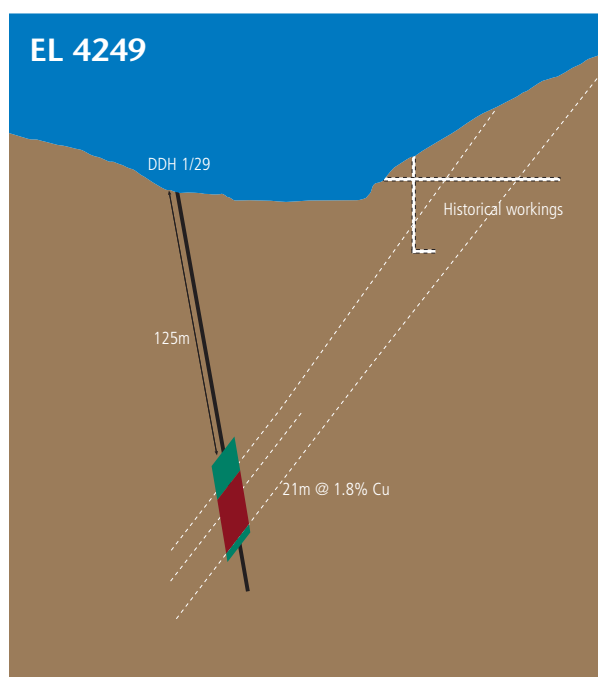
Reprocessed magnetic image for the Wilmington tenements.

Spring Creek (EL 4249)

Historical drilling (1969) in the area identified a zone of 21m @1.8% copper, some distance below the historical workings. Previous explorers have focused on mineralisation being controlled by the stratigraphy, meaning that any mineralisation would exist in a north south orientation.

Archer intends to focus on the breccia which exists in a roughly east – west orientation. It is thought that the nature of the breccia may present a target that has considerable depth extent to it. If this depth extent exists then the breccia may have been exposed to a limestone unit (Brighton Limestone) which would provide an excellent host to additional copper mineralisation.

A proposal has been submitted to PIRSA to commence rock chip sampling of the copper enriched breccia.



Baroota (EL 4201)

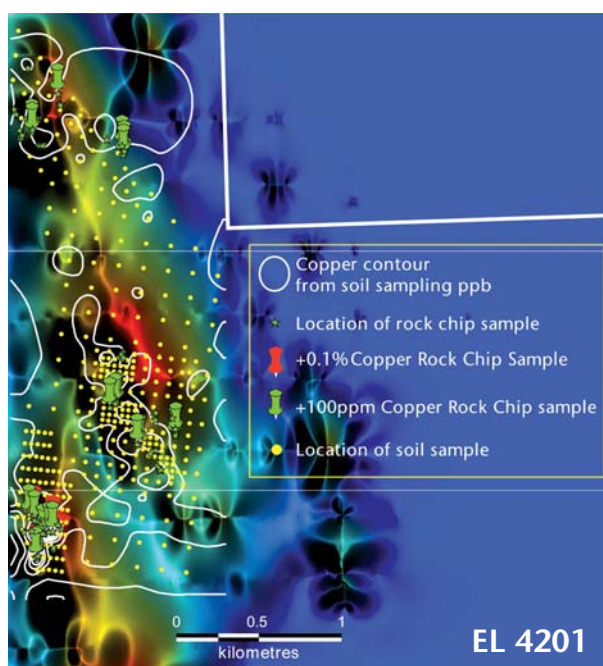
Soil sampling and rock chip sampling was conducted over the magnetic anomalies present to the north of the Whyte Park Copper Mine. This sampling has defined a copper anomaly approximately 1.5km long and strikes in the same orientation as the underlying magnetic feature, which may be of ultramafic origin.

Rhyodacitic porphyry dolomite/limestone breccia and altered mafic rocks have been identified in the area through petrological examination of selected rock chip samples. The presence of breccia and altered mafic rocks are good indicators for fluid movement and the porphyry could be the "heat engine" that generated these fluids.

Pinda (EL 4202)

Minimal work has been performed on the tenement to date. Reprocessing of available magnetic data has been the main exploration activity. This has assisted in the interpretation of the underlying geology and the corresponding structural environment. A number of targets have been identified, these appear to be intrusive mafic rocks similar to the types of kimberlite targets that have been identified in this region by other explorers.

Other crustal elements have been identified in the area that may lead to significant discoveries, as this tenement lies on the margin of the Gawler Craton, which is a possible focus for metal enriched fluids.



Uranium

The Company's tenements were initially acquired, in part, for their paleo-channel, IOCGU and uniformity style uranium potential and the results of the work undertaken so far by the Company has not diminished the uranium potential of these tenements.

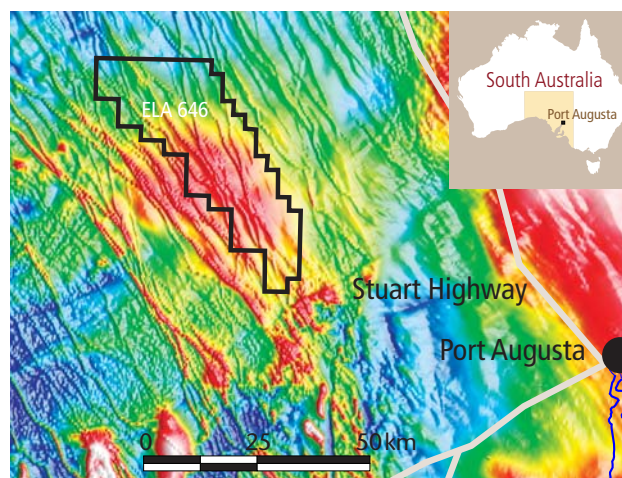
The Company's exploration focus since listing has been on the near surface iron and manganese mineralisation at Jamieson Tank and the large IOCGU targets at West Roxby as these projects offer the Company the best potential return for exploration effort.

Cariewerloo (EL 3852)

During the year reconnaissance rock chip sampling was undertaken on the Cariewerloo tenement which led to the Company downgrading this tenements potential for an economic mineral discovery. Consequently the tenement was relinquished by Archer in August 2009.

South Gawler Ranges (EL 4169)

Minimal work was performed on the South Gawler Ranges tenement during the year and subsequent research and reconnaissance surveys led to the Company relinquishing the tenement in August 2009.



Cariewerloo Project on regional TMI image

Phosphate

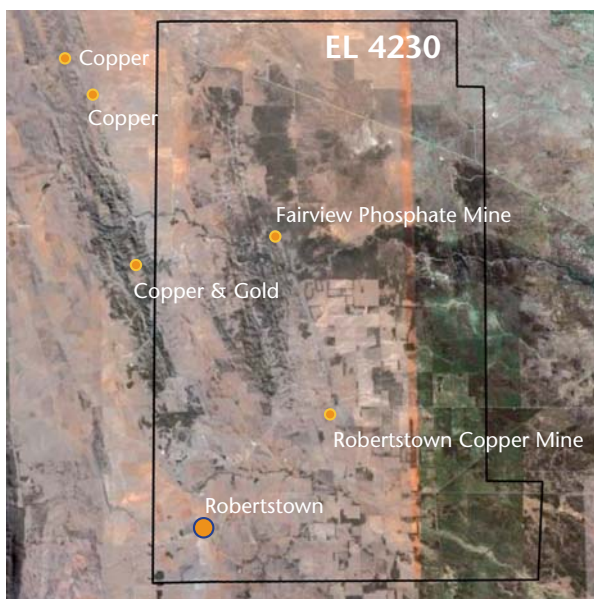
World's End (EL 4230)

The World's End Project is located close to existing major infrastructure and the tenement area covers the historic Fairview Phosphate Mine which was last mined in 1903 when it yielded 100 t of hand-picked phosphate ore grading 25% P_2O_5 .

Although Phosphate is not the key focus of Archer, this tenement has been underexplored in recent times with previous explorers focusing on the uranium potential of the tenement.

Corporate development

Last year was one of consolidation for the Company. The board was quick to realise the effects of the Global Financial Crisis and put in place strategies to manage the Company's cash reserves whilst still spending more than \$1.0 million exploring the Company's tenements. This prudent strategy meant that the Company did not need to undertake a discounted rights issue which would have been dilutionary for all existing shareholders.



World's End location map showing known mineral occurrences

Next 12 months focus

The next 12 months is expected to be another exceptionally focused year for Archer Exploration and a period where the Company anticipates making significant progress towards developing a pipeline of advanced and greenfields exploration projects. The year ahead should provide the opportunity for a solid assessment of the Company's existing projects and of new business development opportunities. With a strong cash balance and an experienced team in place, Archer is well positioned to identify and acquire advanced projects.

Key objectives for the next 12 months are:

- Seek expressions of interest from joint venture partners in relation to Jamieson Tank manganese/magnetite and West Roxby IOCGU projects
- Drill testing of Pindari magnetic anomaly on Carapsee Hill
- Finalising assessment of the manganese mineralisation identified at North Burra
- Testing of immediate copper and base metal exploration targets at Cowell Nth and the expansion of Archer's ground position on Eyre Peninsula
- The acquisition of advanced exploration projects elsewhere in Australia
- Ensuring that the financial status of the Company remains strong
- Continuing to look for other business development opportunities.

The exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr Wade Bollenhagen, Exploration Manager of Archer Exploration Limited. Mr Bollenhagen is a Member of the Australasian Institute of Mining and Metallurgy who has more than fourteen years experience in the field of activity being reported. Mr Bollenhagen consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

Summary of tenements

<i>Tenement</i>	<i>Tenement Name</i>	<i>Project Name (km²)</i>	<i>Area</i>	<i>Commodity Interest</i>	<i>Registered holder</i>	<i>Archer</i>
EL 3851	Lake Gairdner North	West Roxby	926	Base Metals	Kensington Exploration P/L*	100%
EL 3869	Lake Gairdner South	West Roxby	678	Base Metals	Kensington Exploration P/L	100%
EL 3724	Woomera	West Roxby	884	Base Metals	Pirie Resources Pty Ltd*	100%
EL 3722	Andamooka	West Roxby	971	Base Metals	Pirie Resources Pty Ltd	100%
EL 3721	Yalymboo	West Roxby	962	Base Metals	Pirie Resources Pty Ltd	100%
EL 3711	Carrappee Hill	Eyre Peninsula	54	Base Metals	Pirie Resources Pty Ltd	100%
EL 4201	Baroota	Wilmington	335	Base Metals	Pirie Resources Pty Ltd	100%
EL 4202	Pinda	Wilmington	367	Base Metals	Pirie Resources Pty Ltd	100%
EL 4249	Spring Creek	Wilmington	357	Base Metals	Pirie Resources Pty Ltd	100%
EL 4230	World's End	Burra	592	Base Metals	Pirie Resources Pty Ltd	100%
EL 4266	Burra North	Burra	814	Base Metals	Pirie Resources Pty Ltd	100%
EL 4277	North Cowell	Eyre Peninsula	93	Base Metals	Pirie Resources Pty Ltd	100%
Total			7,033			

** Both Pirie Resources Pty Ltd and Kensington Exploration Pty Ltd are wholly owned subsidiaries of Archer Exploration Limited.*




Directors' Report

Your Directors present this report, together with the financial statements on the Group, being the Company and its controlled entities, for the year ended 30 June 2009.

Directors

The names of Directors in office at the date of this Report:

-  Greg English
-  Tom Phillips AM
-  Alice McCleary
-  Gerard Anderson

The above named Directors held office during and since the end of the financial year, except for Mr Gerard Anderson who was appointed a Director of the Company on 14 July 2008.

No Directors resigned during or subsequent to the end of the financial year. A biography and statutory disclosures regarding each director and the Company Secretary are provided elsewhere in this Directors' Report.

Principal Activities

The principal activity of the consolidated Group during the course of the financial year was the exploration for minerals on the Company's exploration licenses in South Australia. There has been no change to these activities during the financial year.

Operating Results

The consolidated loss of the consolidated Group was \$1,111,103 after receiving a research and development concessional grant of \$178,855.

Dividends

No dividends were declared or paid during the financial year. No recommendation for payment of dividends has been made.

Review of Operations

During the year the employees have visited all Company owned Exploration Licences and technical evaluations commenced including geophysics, mapping, soil sampling and drilling.

A detailed description of the Company's operations and financial position is set out elsewhere in this Annual Report.

Significant Changes in State of Affairs

The Directors are not aware of any significant changes in the state of affairs of the Company occurring during the financial year, other than as disclosed in this Annual Report.

Matters Subsequent to the End of the Financial Year

On 4 September 2009, 1,000,000 options with an exercise price of 20 cents expiring 31 December 2012 were issued to the newly appointed CEO, Michael Hatcher. Other than this option issue, in the opinion of the Directors there were at the date of this Report no other matters or circumstances have arisen since the end of financial year which have significantly affected or may significantly affect the operations of the consolidated Group, the results of those operations, or the state of affairs of the consolidated Group in future financial years.

Future Developments, Prospects and Business Strategies

The Company remains focussed on exploration of the Company's projects and the identification of potential business development opportunities. Certain likely developments in the strategy of the Company and the expected results of those strategies in future years are referred to in the Review of Operations section of this Annual Report. The achievement of these strategies will be dependent upon the success of the Company's exploration programs.

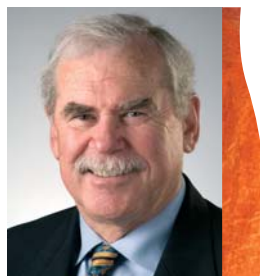
Environmental Issues

The Company's operations are subject to significant environmental regulations under the laws of the Commonwealth and/or State. No notice of any breach has been received and to the best of the Directors' knowledge no breach of any environmental regulations has occurred during the financial year or up to the date of this Annual Report.

Information on Directors and Management



Greg English



Tom Phillips AM



Alice McCleary



Gerard Anderson

Greg English LLB, BE (Mining) *Chairman*

Greg English is a qualified mining engineer and lawyer. He is currently a partner of Norman Waterhouse Lawyers and specialises in mining, commercial and securities law. He is also a qualified mining engineer, with experience on a wide variety of mining projects. Greg was also a previous director of ASX listed Gawler Resources Ltd.

Greg's experience in the mining industry, particularly in capital raising, tenement acquisition, project management and business development, and his industry knowledge and business relationships, enables Archer Exploration to manage and develop its existing tenement portfolio and to identify and secure other high quality exploration assets.

Special Responsibilities - Chairman

Tom Phillips AM MBA FAICD *Director (Non-Executive)*

He holds board positions with several not-for-profit organisations and manufacturing companies including Workcover Corporation SA and Intercast Forge. Tom is the Presiding Member of Safework SA and also Chairs the Southern Adelaide Development Board. He is Non-Executive Chairman for UraniumSA Limited (ASX listed) and a former director of Australia Post.

Tom's extensive experience in Australian industry and his knowledge of international business is a significant asset to the Company.

Special Responsibilities - Nil

Alice McCleary BEc FCA FTIA FAICD *Director (Non-Executive)*

Alice McCleary is a Chartered Accountant and company director. She is Deputy Chancellor of the University of South Australia, a director of Great Southern Ltd and UraniumSA Limited (ASX listed). She was a former director of TWT Group Ltd and Dragon Energy Ltd.

She is also a director of Adelaide Community Healthcare Alliance Inc (ACHA) and a member of the Takeovers Panel and the Corporations and Markets Advisory Committee.

Previous appointments include board memberships of National ICT Australia Ltd, South Australian Government Financing Authority (SAFA) and National President of the Taxation Institute of Australia. She has been a tax partner in Coopers & Lybrand and was intimately involved with the Ralph Review of Business Taxation. Alice's professional interests include financial management and corporate governance.

Special Responsibilities - Nil.

Gerard Anderson Assoc. Applied Geology, Grad Dip Bus.MSc *Director (Non-Executive)*

Gerard Anderson is a geologist with 34 years of experience including 15 years in senior exploration and mine management roles including Exploration Superintendent at the Boddington Gold Mine for Worsley Alumina, Chief Geologist at the Bronzewing Gold Mine and at KCGM, mine General Manager of Golden Grove operations for Normandy and Newmont, General Manager Joint Ventures for Newmont and Managing Director of Croesus Mining NL. He is currently Managing Director of Centrex Metals Ltd (ASX Listed).

Special Responsibilities - Nil

Craig Gooden *Company Secretary*

Mr Gooden was appointed Company Secretary on 16 February 2007 and performs the financial/accounting role in the Company as well as the secretarial duties. He has been a member of the Institute of Chartered Accountants in Australia since 1967 and has over 35 years experience in the resources industry. Mr Gooden is also the Company Secretary of Sundance Energy Australia Limited and UraniumSA Limited.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director of Archer Exploration Limited and for the Key Management Personnel receiving the highest remuneration.

Remuneration Policy

The full Board acts as the remuneration committee as a consequence of the size of the Board and the Company. The Board believes that individual salary negotiation is more appropriate than formal remuneration policies and external advice and market comparisons are sought where necessary. The Company discloses the fees and remuneration paid to all Directors as required by the Corporations Act 2001. The Board recognises that the attraction of high calibre executives is critical to generating shareholder value.

The directors and executives receive a superannuation guarantee contribution required by the government which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation and/or elected to increase superannuation contributions a part of their salary package.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. The Company has established a Share Option Plan for the benefit of Directors, officers, senior executives and consultants. Shares issued to Directors and executives are valued at the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes valuation methodology and recognised as remuneration in accordance with the attached vesting conditions.

The board policy is to remunerate non-executive directors at the market rates for time, commitment and responsibilities. The Board determines payments to non-directors and reviews their remuneration annually, based on market price, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is not linked to the financial performance of the consolidated Group. However, to align director's interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Each member of the executive team has signed a formal contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on terminations. The standard contract sets out the specific formal job description.

Performance-based Remuneration

The elements of the Directors and Company executives' remuneration which are dependent on performance conditions are:

Michael Hatcher, CEO, Archer Exploration Limited

Mike Hatcher was engaged by the Company in the role of Chief Executive Officer commencing 25 August 2009, on the following terms:

- Role; CEO.
- Contract term; Two years but may be terminated early by either party giving minimum 2 months notice.
- Remuneration; \$138,000 per annum including statutory superannuation plus issue of 1,000,000 unlisted options (refer elsewhere in this Directors' Report)
- Bonus; Discretionary up to \$45,540 each year.
- Termination payments; None.

Greg English, Chairman, Archer Exploration Limited

Mr Greg English was engaged by the Company in the role of Executive Chairman during the period 1 July 2008 to 31 January 2009 on the following terms:

- Role; Executive Chairman.
- Contract term; Initially could be terminated by either party with 6 months notice but terminated early by mutual agreement.
- Remuneration; \$180,000 per annum including statutory superannuation.
- Bonus; Discretionary up to \$135,000 for the year ended 30 June 2009.
- Termination payments; None.

During the financial year Mr English was entitled to receive a performance bonus of \$9,633 but agreed to waive payment of this amount.

The role for Greg English changed from 31 January 2009 to Non-Executive Chairman of Archer Exploration Limited with a base remuneration.

Tom Phillips AM, Non-Executive Director, Archer Exploration Limited

Base remuneration.

Alice McCleary, Non-Executive Director, Archer Exploration Limited

Base remuneration.

Gerard Anderson, Non-Executive Director, Archer Exploration Limited

Base remuneration.

Details of Key Management Personnel Remuneration for year ended 30 June 2009

The following table outlines persons who are key management personnel of the Company and the nature and amount of the elements of the remuneration of those persons.

<i>2009</i>			<i>Share based</i>	
<i>Directors</i>	<i>Salary and commissions</i>	<i>Superannuation</i>	<i>payments - Options</i>	<i>Total</i>
Mr Greg English*	125,000	11,250	-	136,250
Mr Tom Phillips AM	47,783	4,300	-	52,083
Ms Alice McCleary	45,872	4,128	-	50,000
Mr Gerard Anderson	43,960	3,957	3,250	51,167
Subtotal	262,615	23,635	3,250	289,500
<i>Key Management Personnel</i>				
Mr Craig Gooden	44,379	-	-	44,379
Mr Wade Bollenhagen	140,000	12,600	7,560	160,160
Total	446,994	36,235	10,810	494,039

* In addition, Norman Waterhouse Lawyers were paid \$1,155 and Watsons Lawyers were paid \$966 during the year for services rendered to the Company. Mr. English was employed by both Watsons Lawyers and Norman Waterhouse Lawyers during the year.

The fair value of the options issued to key management personnel has been determined using an approved valuation methodology. Refer Note 22.

The percentage of remuneration received as share based payments were:

Mr Gerard Anderson	6.37%
Mr Wade Bollenhagen	4.71%

<i>2008</i>			<i>Share based</i>	
<i>Directors</i>	<i>Salary and commissions</i>	<i>Superannuation</i>	<i>payments - Options</i>	<i>Total</i>
Greg English*	40,446	3,640	-	44,086
Tom Phillips AM	60,669	5,460	-	66,129
Alice McCleary	40,446	3,640	-	44,086
Sub total	141,561	12,740	-	154,301
<i>Key Management Personnel</i>				
Craig Gooden	23,594	-	-	23,594
Wade Bollenhagen	37,634	3,387	-	41,021
Total	202,789	16,127	-	218,916

* Mr English was employed by Watsons Lawyers and the Company paid \$61,788 to Watsons Lawyers during the year for services rendered, of which \$34,140 was for services of Mr English in his capacity as an Executive Director of the Company. The remaining \$27,648 was for legal services performed by that firm at commercial rates. The Payment in the table above of \$44,086 was made directly to Mr English by the Company.

Key Management Personnel Compensation

Options Granted as Compensation

Options were granted during the year as compensation; 390,000 (2008: Nil) No options were exercised during the year which were granted as compensation in prior periods. 250,000 options granted to Director, Gerard Anderson were approved by shareholders at the 2008 Annual General Meeting.

Options issued as part of Remuneration for the year ended 30 June 2009

250,000 options with an exercise price of 25 cents were issued to Director Gerard Anderson on 21 November 2008 following shareholder approval. Key management employees were issued a total of 140,000 on 29 June 2009 under the Company's Employee Share and Option Plan. The options have an exercise price of 9 cents and expiry date of 29 June 2012. The fair value of these options was \$3,250 for the options issued to Mr Gerard Anderson and \$7,560 for the key management options. The inputs utilised in determining the fair value of options is outlined in Note 22 to the Financial Statements.

At balance date, all the options issued to Director Gerard Anderson have vested.

Number of Unlisted Options held by Directors and Key Management Personnel

<i>Key Management Personnel</i>	<i>Balance 1/07/08</i>	<i>Granted as Compensation</i>	<i>Options Exercised</i>	<i>Net other Changes</i>	<i>Balance 30/06/09</i>	<i>Total vested</i>	<i>Total exercisable</i>	<i>Total unexercisable</i>
Mr Gerard Anderson	-	250,000	-	-	250,000	250,000	25,0000	-
Mr Wade Bollenhagen	-	140,000	-	-	140,000	47,000	47,000	93,000
Total	-	390,000	-	-	390,000	297,000	297,000	93,000

Listed options - Number of listed options held by Key Management Personnel

<i>Key Management Personnel</i>	<i>Balance 1/07/08</i>	<i>Granted as Compensation</i>	<i>Options Exercised</i>	<i>Net other Changes</i>	<i>Balance 30/06/09</i>	<i>Total vested</i>	<i>Total exercisable</i>	<i>Total unexercisable</i>
Mr Greg English	5,802,399	-	-	-	5,802,399	5,802,399	5,802,399	-
Mr Tom Phillips AM	537,500	-	-	-	537,500	537,500	537,500	-
Ms Alice McCleary	750,000	-	-	-	750,000	750,000	750,000	-
Mr Gerard Anderson	-	-	-	25,000	25,000	25,000	25,000	-
Mr Craig Gooden	425,000	-	-	-	425,000	425,000	425,000	-
Mr Wade Bollenhagen	-	-	-	-	-	-	-	-
Total	7,514,899	-	-	25,000	7,539,899	7,539,899	7,539,899	-

Shareholdings - Number of shares held by Directors and Key Management Personnel

<i>Key Management Person</i>	<i>Balance on 1/7/08</i>	<i>Received as Compensation</i>	<i>Options Exercised</i>	<i>Net Other Change</i>	<i>Balance 30/06/09</i>
Mr Greg English	11,604,798	-	-	-	11,604,798
Mr Tom Phillips AM	1,075,000	-	-	-	1,075,000
Ms Alice McCleary	1,500,000	-	-	-	1,500,000
Mr Gerard Anderson	-	-	-	50,000	50,000
Mr Craig Gooden	850,000	-	-	-	850,000
Mr Wade Bollenhagen	80,000	-	-	95,000	175,000
Total	15,109,798	-	-	145,000	15,254,798

Employment contract of the CEO and Exploration Manager

<i>Name</i>	<i>Position</i>	<i>Duration of Contract</i>	<i>Period of Termination Notice (3)</i>	<i>Termination Payment provided for under the contract</i>
Michael Hatcher	CEO	2 years (1)	Immediate	Nil
Wade Bollenhagen	Exploration Manager	2 years (2)	Immediate	4 weeks

Note 1) Contract commenced 25 August 2009

2) Contract commenced 25 March 2008.

3) For termination with good cause.

Meetings of Directors

During the financial year, 10 meetings of the Board of Directors were held. Attendances by each Director were as follows:

<i>Name</i>	<i>Number of Directors meetings whilst a Director</i>	
	<i>Held</i>	<i>Attended</i>
Mr Greg English	10	10
Mr Tom Phillips AM	10	10
Ms Alice McCleary	10	10
Mr Gerard Anderson	10	10

At the date of this report the Company has not formed a separate Audit Committee, Remuneration Committee, or a Corporate Governance Committee. The Board as a whole considers these matters. The Board considers this appropriate given the size and nature of the Company at this time.

Indemnifying Officers or Auditor

The Company's Constitution provides that the Company indemnifies, on a full indemnity basis and to the full extent permitted by law, officers of the Company for all losses or liabilities incurred by the person as an officer of the Company or a related body corporate. In conformity with the Constitution, the Company is party to Deeds of Indemnity in favour of each of the Directors referred to in this report who held office during the year.

The Company has paid premiums to insure each of the following directors, officers and consultants against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or executive of the company, other than conduct involving wilful breach of duty or a lack of good faith in relation to the company. The policy does not specify the individual premium for each officer covered. Since the end of the year the Company has paid, or agreed to pay, premiums in respect of such contracts for the year ending 30 June 2010.

Options

The following options are unexercised at the date of this Annual Report:

<i>Grant Date</i>	<i>Option Type</i>	<i>Number of shares subject to Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
13 February 2008	Listed	32,205,201	\$0.25	13 February 2010
21 November 2008	Unlisted	250,000	\$0.25	14 July 2011
29 June 2009	Unlisted	270,000	\$0.09	29 June 2012
4 September 2009	Unlisted	1,000,000	\$0.20	31 December 2012

During the year ended 30 June 2009 no Bonus Options or options issued to employees were exercised.

No person entitled to exercise a Bonus Option or employee option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of Company

As far as the Directors' are aware, no person has applied to the Court for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-Audit Services

The Board of Directors is satisfied that the provision of the non audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2009:

<i>Taxation services</i>	<i>\$15,415</i>
	<i>\$15,415</i>

Auditor's Independence Declaration

The lead auditor's independence for the year ended 30 June 2009 has been received and can be found on page 21 of the Directors Report.

Signed in accordance with a resolution of the Board of Directors

Greg English
Chairman

Adelaide

Dated this 25th day of September 2009

Auditor's Independence Declaration



Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

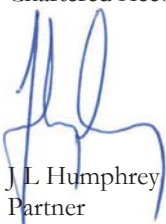
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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ARCHER EXPLORATION LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Archer Exploration Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
South Australian Partnership
Chartered Accountants


J.L. Humphrey
Partner

Signed at Wayville on this 25th day of September 2009

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Corporate Governance Statement

A copy of the Company's Corporate Governance Manual and its Code of Conduct and Ethics may be found on the company's website, at www.archerexploration.com.au. These documents set out the principles of corporate governance which the Board, and all employees, are obliged to comply with.

Principle 1: Laying Solid Foundations for management and oversight

The Company's Corporate Governance Manual sets out the matters reserved for the Board's decision.

The board has established delegations to senior executives so that their authority and duties are clear. These relate to expenditure approvals, day-to-day decision-making, routine ASX disclosures, review of potential projects, OH&S, staffing, promotion of the Company and Board reporting. Details are set out in the Company's Corporate Governance Manual.

We also advise that a formal performance appraisal of the Executive Chairman was carried out during the year by the Board in accordance with our published policy. In addition, the Executive Chairman reviewed the performance of other key executives in accordance with the policy.

Principle 2: Structuring the board to add value

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report, and their term of office, are detailed in the directors' report.

A majority of the non-executive directors of the company are independent:

Tom Phillips AM
Alice McCleary
Gerard Anderson

Each holds less than 5% of the issued capital of the Company, and has no current or recent material business relationship with the Company other than as a director. The Non Executive Chairman of the Company, Mr. Greg English, is a substantial shareholder and holds more than 5% of the issued capital of the Company.

The Company does not have a separate Nomination Committee. However, the Board considers the composition, size and skills of the Board as part of its Board evaluation process, when selecting and appointing new directors, and at other relevant times, and considers that it does not presently require a Nomination Committee given the present size of both the Company and the Board.

The Corporate Governance Manual sets out the process for evaluating the effectiveness of the Board. The Board has followed this process in the 2009 year.

Board members are permitted to obtain independent professional advice at the expense of the Company, as set out in the Corporate Governance Manual.

Principle 3: Promote ethical and responsible decision-making

The company's Code of Conduct and Ethics establishes the practices directors and staff must follow to comply with the law, meet stakeholder expectations, maintain confidence in the Company's integrity and report unethical practices.

The Corporate Governance Manual outlines a clear policy applicable to all staff and directors in relation to trading in the Company's shares. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities' prices.

Principle 4: Safeguarding integrity in financial reporting

The Company does not have a separate audit committee due to the current size of the Company and its operations. The Board as a whole has responsibility for the functions of an audit committee and carries out these functions in its monthly board meetings. The decision not to have a separate audit committee will be reviewed on a regular basis as part of the annual board performance evaluation, to ensure the decision is still appropriate.

The Company selects its external auditor on a merit basis and is currently satisfied with the audit services being provided. Given the short period of the Company's existence, it has not yet had cause to consider auditor rotation or re-selection processes, but will base any such decisions on competency, independence and value for money.

Corporate Governance Statement

Principle 5: Making timely and balanced disclosure

The Company's procedures for ensuring timely ASX disclosure are set out in the Corporate Governance Manual. The CEO and Company Secretary have day-to-day responsibility for compliance with ASX Listing Rules. All strategic disclosures to the ASX are approved by the Board. The functions of Competent Person for the purposes of the JORC code are performed by the Exploration Manager, Mr. Wade Bollenhagen.

Principle 6: Respecting the rights of shareholders

The Company's shareholder communication policy is set out in the Corporate Governance Manual. The Company relies principally on ASX disclosure and AGM meeting notices to communicate with shareholders which is considered adequate at this early stage of the Company's development.

Principle 7: Recognising and managing risk

The Company's risk management policies are outlined in the Corporate Governance Manual. The Company has comprehensive policies in place to manage financial and operational risk, and these are being further developed and expanded as the Company's operations expand. The effectiveness of management of these risks is reported upon to the Board each month. Broader corporate risks are reviewed by the Board as a whole on an ongoing basis, and risk minimization strategies such as insurance are in place. The Board has conducted a formal risk assessment of its activities.

In relation to financial risks, the Company has internal controls in place and these are audited as part of the external audit function. The Company also received formal assurances from the Chairman and Company Secretary as to the effectiveness of the Company's risk management and internal control environment, as required by s295A of the Corporations Act.

Principle 8: Remunerate fairly and responsibly

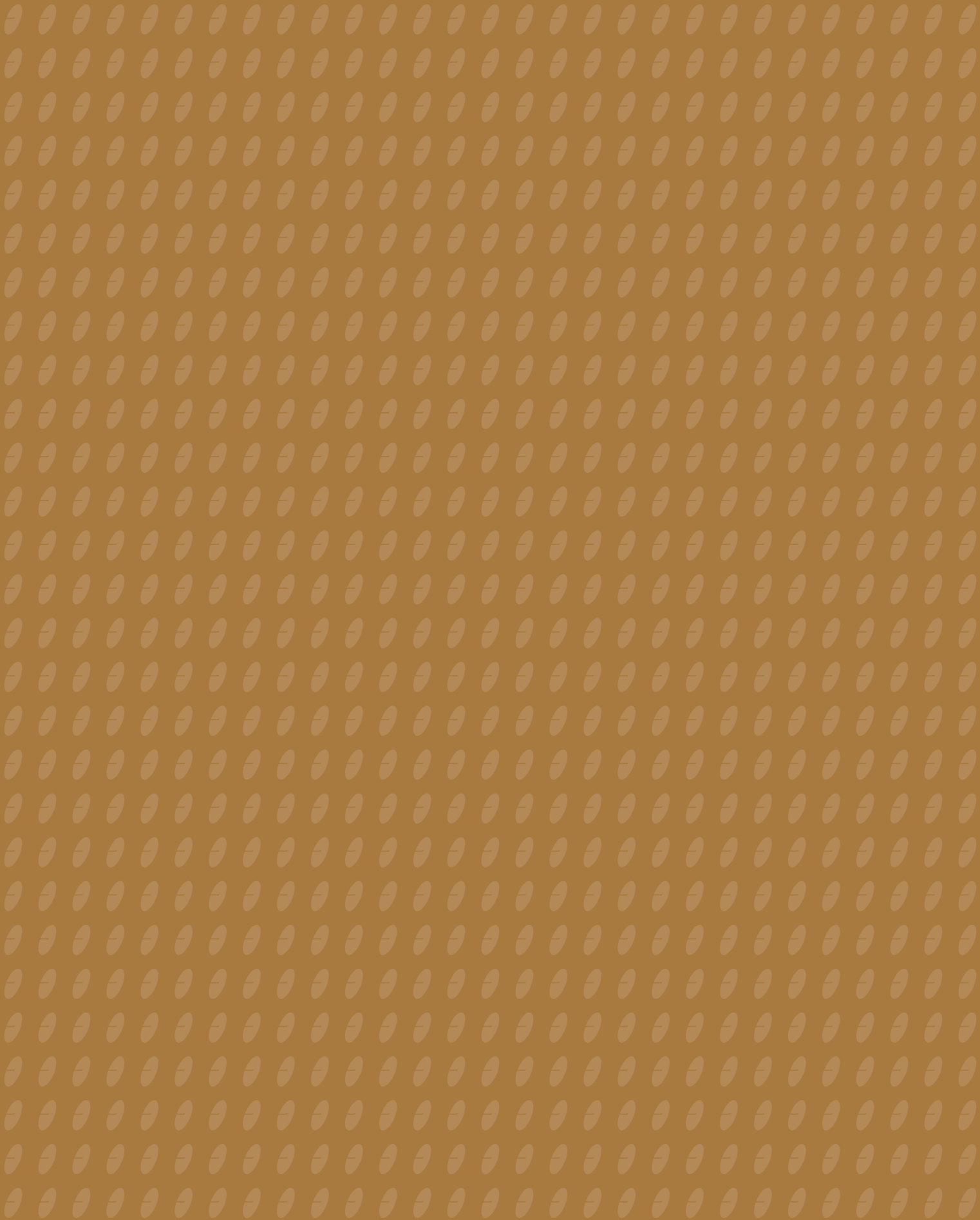
The Company does not have a separate remuneration committee due to the current size of the company and its operations. The Board as a whole has responsibility for the functions of a remuneration committee, including the performance evaluation and remuneration of the Chairman and Chief Executive Officer.

The amount of remuneration for all directors and executives, including all monetary and non-monetary components, is detailed in the Directors' Report. All remuneration is valued at the cost to the Company and expensed. There are no schemes for retirement benefits for non-executive directors other than statutory superannuation.

The Company seeks to remunerate employees fairly in accordance with industry benchmarks and individual performance. Contracts of employment with senior executives may include base salary, superannuation and provision of a motor vehicle. The contracts allow for annual performance and remuneration reviews. All employees are also entitled to participate in the Company's employee share option plan, and modest grants of options were made during the year, as set out in this report. Employees are not permitted to use margin lending or similar facilities in relation to their shares in the Company.



Financial Information



INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	<i>Notes</i>	<i>Consolidated Group</i>		<i>Parent Entity</i>	
		<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
		<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Revenues from ordinary activities	2	374,191	445,457	307,070	445,108
Depreciation and amortisation expenses		(24,527)	(2,002)	(24,527)	(2,002)
Provision for loan to subsidiary		-	-	(25,269)	-
Impairment - investment in subsidiary		-	-	(812,640)	-
Impairment - exploration assets		(865,203)	-	-	-
Employee benefits expense		(379,661)	(166,032)	(340,606)	(166,032)
Finance costs		(4,459)	-	(4,459)	-
Service fee and occupancy expense		(37,696)	(21,098)	(37,696)	(21,098)
Consultants expense		(56,610)	(54,856)	(56,610)	(54,856)
ASX listing and registry expense		(45,874)	(104,006)	(45,874)	(104,006)
Other corporate expenses from ordinary activities		(250,119)	(131,067)	(250,404)	(129,661)
Loss before income tax		(1,289,958)	(33,604)	(1,291,015)	(32,547)
Income tax (expense)/benefit	3	178,855	(295,926)	178,855	(295,926)
Loss for the year		(1,111,103)	(329,530)	(1,112,160)	(328,473)
Loss attributable to members of the parent entity		(1,111,103)	(329,530)	(1,112,160)	(328,473)
Earnings per Share		<i>Cents</i>	<i>Cents</i>		
Basic loss per share	6	(1.8)	(0.6)		

The accompanying notes form part of the financial statements.

BALANCE SHEET

AS AT 30 JUNE 2009

		Consolidated Group		Parent Entity	
	Notes	2009 \$	2008 \$	2009 \$	2008 \$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	4,973,186	6,383,117	2,969,195	6,373,874
Trade and other receivables	8	206,862	36,084	193,953	18,747
Total Current Assets		5,180,048	6,419,201	3,163,148	6,392,621
NON-CURRENT ASSETS					
Trade and other receivables	9	-	-	3,664,390	682,649
Financial assets	10	-	-	2,471,255	3,283,895
Plant and equipment	11	92,730	98,474	92,730	98,474
Exploration and evaluation expenditure	12	4,162,123	4,198,503	-	-
Total Non-current Assets		4,254,853	4,296,977	6,228,375	4,065,018
TOTAL ASSETS		9,434,901	10,716,178	9,391,523	10,457,639
CURRENT LIABILITIES					
Trade and other payables	13	144,185	372,764	107,048	113,168
Financial liabilities	14	17,453	-	17,453	-
Short-term provisions	15	20,657	8,899	14,416	8,899
TOTAL CURRENT LIABILITIES		182,295	381,663	138,917	122,067
NON CURRENT LIABILITIES					
Financial liabilities	14	21,030	-	21,030	-
TOTAL LIABILITIES		203,325	381,663	159,947	122,067
NET ASSETS		9,231,576	10,334,515	9,231,576	10,335,572
EQUITY					
Issued capital	16	10,697,198	10,697,198	10,697,198	10,697,198
Reserves	17	8,164	-	8,164	-
Retained earnings		(1,473,786)	(362,683)	(1,473,786)	(361,626)
TOTAL EQUITY		9,231,576	10,334,515	9,231,576	10,335,572

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	<i>Issued Capital</i>	<i>Retained Earnings</i>	<i>Share Option Reserve</i>	<i>Total</i>
	\$	\$	\$	\$
Parent Entity				
Balance at 1 July 2007	704,000	(33,153)	-	670,847
Shares issued during the year	10,683,695	-	-	10,683,695
Transaction costs (net of tax)	(690,497)	-	-	(690,497)
Loss attributable to the members of the parent entity	-	(328,473)	-	(328,473)
Balance at 30 June 2008	10,697,198	(361,626)	-	10,335,572
Fair value of options issued	-	-	8,164	8,164
Loss attributable to the members of the parent entity	-	(1,112,160)	-	(1,112,160)
Balance at 30 June 2009	10,697,198	(1,473,786)	8,164	9,231,576
Consolidated Group				
Balance at 1 July 2007	704,000	(33,153)	-	670,847
Shares issued during the period	10,683,695	-	-	10,683,695
Transaction costs (net of tax)	(690,497)	-	-	(690,497)
Loss attributable to the members of the parent entity	-	(329,530)	-	(329,530)
Balance at 30 June 2008	10,697,198	(362,683)	-	10,334,515
Fair value of options issued	-	-	8,164	8,164
Loss attributable to the members of the parent entity	-	(1,111,103)	-	(1,111,103)
Balance at 30 June 2009	10,697,198	(1,473,786)	8,164	9,231,576

The accompanying notes form part of the financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	<i>Notes</i>	<i>Consolidated Group</i>		<i>Parent Entity</i>	
		2009	2008	2009	2008
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from consulting services		13,781	1,193	13,781	1,193
Payments to suppliers and employees		(700,249)	(415,934)	(690,473)	(410,621)
Interest received		360,410	444,264	293,289	443,915
Interest paid		(4,459)	-	(4,459)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	21	(330,517)	29,523	(387,862)	34,487
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for exploration expenditure		(1,069,607)	(668,641)	-	-
Payments for plant and equipment		(48,290)	(70,969)	(48,290)	(70,969)
NET CASH (USED IN) INVESTING ACTIVITIES		(1,117,897)	(739,610)	(48,290)	(70,969)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from the issues of ordinary shares		-	7,000,000	-	7,000,000
Payments for the costs of capital raising		-	(470,900)	-	(470,900)
Proceeds from borrowings		52,975	-	52,975	-
Repayments of borrowings		(14,492)	-	(14,492)	-
Amounts advanced to controlled entities		-	-	(3,007,010)	(682,848)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		38,483	6,529,100	(2,968,527)	5,846,252
Net increase/(decrease) in cash held		(1,409,931)	5,819,013	(3,404,679)	5,809,770
Cash at the beginning of the financial year		6,383,117	564,104	6,373,874	564,104
Cash at the end of the financial year	7	4,973,186	6,383,117	2,969,195	6,373,874

The accompanying notes form part of the financial statements.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Archer Exploration Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Archer Exploration Limited as an individual parent entity ('Parent Entity').

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Principles of Consolidation

A controlled entity is any entity over which Archer Exploration Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 10 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included/(excluded) from the date control was obtained/(ceased).

All inter-group balances and transactions between entities in the consolidated group, including any recognised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with those adopted by the parent entity.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the equity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

b) Income Tax

The income tax expense/(revenue) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense/(income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset recognised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Archer Exploration Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2007. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributed to the income tax payable by the group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities recognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

c) Plant and Equipment

Plant and equipment is carried at cost less where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

<i>Class of Non Current Asset</i>	<i>Depreciation Rate</i>	<i>Basis of Depreciation</i>
<i>Plant and Equipment</i>	<i>10 – 33%</i>	<i>Straight Line</i>

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Where a decision is made to proceed with development the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f) Financial Instruments*Recognition and Initial Measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transactions costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement*i) Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued***ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed determinable payments.

v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

g) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled,

plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for these benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Equity - Settled Compensation

The Group has an employee share option plan. The bonus element over the exercise price of the employees services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares or the option granted.

i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j) Cash and Cash Equivalent

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued***m) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n) Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation of the current financial year.

o) New Accounting and Interpretation

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 101: Presentation of Financial Statements, AASB 2007-8; Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing after 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no remeasurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

AASB 2008-1: Amendments to Australian Accounting Standard - Share based Payments: Vesting Conditions and Cancellations (AASB 2) (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share - based payment transaction should therefore be considered for the purposes of

determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

p) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Group.

Key estimates*Impairment*

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Impairment has been recognised in respect of non current assets for the year ended 30 June 2009.

Exploration and evaluation

The consolidated entity's policy for exploration and evaluation is discussed at note 1(d). The application of this policy requires the directors to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, the directors conclude that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the income statement.

The financial report was authorised for issue on 25th September 2009 by the Board of Directors.

NOTE 2 – REVENUE

Operating activities

- Consulting fees
- Interest received

Total Revenue

NOTE 3 – INCOME TAX EXPENSE

a) The components of income tax expense comprise:

- Current tax
- Deferred tax

b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows 30% (2008 : 30%):

Net Loss

Prima facie tax benefit on loss

from ordinary activities before income tax at 30%

Add/(less):

Tax effect of:

- capital raising costs deductible
- other non allowable

Research and development tax concession

Deferred tax assets associated with capital raising costs recognised direct to equity but not meeting the recognition criteria

Tax effect of temporary differences not brought to account as they do not meet the recognition criteria

Income Tax attributable to operating loss

c) Unused tax losses for which no deferred tax asset has been recognised at 30%

	Consolidated Group		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
	13,781	1,193	13,781	1,193
	360,410	444,264	293,289	443,915
	374,191	445,457	307,070	445,108
	178,855	-	178,855	-
	-	(295,926)	-	(295,926)
	178,855	(295,926)	178,855	(295,926)
	(1,289,958)	(33,604)	(1,291,015)	(32,547)
	(386,987)	(10,081)	(387,305)	(9,764)
	(59,185)	(59,185)	(59,185)	(59,185)
	266,198	4,640	256,139	4,640
	(179,974)	(64,626)	(190,351)	(64,309)
	178,855	-	178,855	-
	-	(295,926)	-	(295,926)
	179,974	64,626	190,351	64,309
	178,855	(295,926)	178,855	(295,926)
	254,546	74,572	-	-

NOTE 4 – KEY MANAGEMENT PERSONNEL COMPENSATION**a) Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:**

Mr Greg English	<i>Chairman – Non-executive</i>	<i>appointed 9 May 2007</i>
Mr Tom Phillips AM	<i>Director – Non-executive</i>	<i>appointed 16 February 2007</i>
Ms Alice McCleary	<i>Director – Non-executive</i>	<i>appointed 16 February 2007</i>
Mr Craig Gooden	<i>Company Secretary</i>	<i>appointed 16 February 2007</i>
Mr Gerard Anderson	<i>Director – Non-executive</i>	<i>appointed 14 July 2008</i>
Mr Wade Bollenhagen	<i>Exploration Manager</i>	<i>appointed 26 March 2008</i>

Other than those employees of the company listed above there are no additional management personnel.

Greg English was appointed Executive Chairman on 14 July 2008 and Tom Phillips AM continues as a non-executive Director.

Mr Gerard Anderson was appointed director of the Company on 14 July 2008.

b) Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Report of Director's for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2009.

The total of remuneration paid to KMP of the Company and Group during the year are as follows:

	<i>2009</i>	<i>2008</i>
Short term benefits	483,229	218,916
Share - based payments	10,810	-
	<hr/> 494,039	<hr/> 218,916

c) Options Granted as Compensation

390,000 (2008: Nil) Options were granted during the year to key management as compensation with a fair value of \$10,810.

No options were exercised during the year which were granted as compensation in prior periods. 250,000 options granted to Director, Gerard Anderson were subsequently approved by shareholders at the 2008 Annual General Meeting.

NOTE 4 – KEY MANAGEMENT PERSONNEL COMPENSATION *continued*

d) Option Holdings

Number of options held by Key Management Personnel

2009

<i>Key Management Personnel</i>	<i>Balance 1.07.08</i>	<i>Granted as compensation</i>	<i>Options exercised</i>	<i>Net other Changes</i>	<i>Balance 30.06.09</i>	<i>Total Vested</i>	<i>Total Exercisable</i>	<i>Total Unexercisable</i>
Mr Greg English*	5,802,399	-	-	-	5,802,399	5,802,399	5,802,399	-
Mr Tom Phillips AM*	537,500	-	-	-	537,500	537,500	537,500	-
Ms Alice McCleary*	750,000	-	-	-	750,000	750,000	750,000	-
Mr Gerard Anderson	-	250,000**	-	25,000	275,000	275,000	275,000	-
Mr Craig Gooden*	425,000	-	-	-	425,000	425,000	425,000	-
Mr W Bollenhagen	-	140,000**	-	-	140,000	47,000	47,000	93,000
Total	7,514,899	390,000	-	25,000	7,929,899	7,836,899	7,836,899	93,000

* All of the listed options were escrowed until 14 August 2009.

** Unlisted options issued to a Director and employee.

2008

<i>Key Management Personnel</i>	<i>Balance 1.07.07</i>	<i>Granted as compensation</i>	<i>Options exercised</i>	<i>Net other Changes*</i>	<i>Balance 30.06.08</i>	<i>Total vested</i>	<i>Total Exercisable</i>	<i>Total Unexercisable</i>
Mr Greg English	-	-	-	5,802,399	5,802,399	5,802,399	5,802,399	-
Mr Tom Phillips AM	-	-	-	537,500	537,500	537,500	537,500	-
Ms Alice McCleary	-	-	-	750,000	750,000	750,000	750,000	-
Mr Craig Gooden	-	-	-	425,000	425,000	425,000	425,000	-
Mr W Bollenhagen	-	-	-	-	-	-	-	-
Total	-	-	-	7,514,899	7,514,899	7,514,899	7,514,899	-

* Reflects bonus options issued on 13 February 2008 to all shareholders based on one option for each two shares held. All of the options were escrowed until 14 August 2009 other than \$50,000 of Mr Gooden's options and \$287,500 of Mr Phillips' options.

e) Shareholdings

Number of shares held by Key Management Personnel

2009

<i>Key Management Personnel</i>	<i>Balance 1.7.08</i>	<i>Received as Compensation</i>	<i>Options Exercised</i>	<i>Net Other Change</i>	<i>Balance 30.6.2009</i>
Mr Greg English	11,604,798*	-	-	-	11,604,798*
Mr Tom Phillips AM	1,075,000**	-	-	-	1,075,000**
Ms Alice McCleary	1,500,000*	-	-	-	1,500,000*
Mr Craig Gooden	850,000**	-	-	-	850,000**
Mr Gerard Anderson	-	-	-	50,000	50,000
Mr W Bollenhagen	80,000	-	-	95,000	175,000
Total	15,109,798	-	-	145,000	15,254,798

* Greg English's and Alice McCleary's shares were escrowed and cannot be sold before 14 August 2009.

** 500,000 of Tom Phillips' shares and 750,000 of Craig Gooden's were escrowed and could not be sold before 14 August 2009.

NOTE 4 – KEY MANAGEMENT PERSONNEL COMPENSATION *continued*

e) Shareholdings *continued*

Number of shares held by Key Management Personnel

2008

<i>Key Management Personnel</i>	<i>Balance on Incorporation</i>	<i>Received as Compensation</i>	<i>Options Exercised</i>	<i>Net Other Change</i>	<i>Balance 30.6.2008</i>
Mr Greg English	500,000*	-	-	11,104,798*	11,604,798*
Mr Tom Phillips AM	500,000**	-	-	575,000	1,075,000
Ms Alice McCleary	1,500,000*	-	-	-	1,500,000*
Mr Craig Gooden	750,000**	-	-	100,000	850,000
Mr W Bollenhagen	-	-	-	80,000	80,000
Total	3,250,000	-	-	11,859,798	15,109,798

* Greg English's and Alice McCleary's shares were escrowed and could not be sold before 14 August 2009.

** 500,000 of Tom Phillips' shares and 750,000 of Craig Gooden's were escrowed and could not be sold before 14 August 2009.

NOTE 5 – AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:

	<i>Consolidated Group</i>		<i>Parent Entity</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
- auditing or review of the financial report	21,000	20,000	21,000	20,000
- other services provided by the practice of the auditor	15,415	17,600	15,415	17,600
	36,415	37,600	36,415	37,600

Included within other services paid to the auditor of the parent entity in 2008 is an amount of \$10,000 to provide an independent accountants report for inclusion in the company's prospectus. The cost of this service has been offset against issued capital.

NOTE 6 – EARNINGS PER SHARE

Reconciliation of earnings to Profit or Loss

Loss for year used to calculate basic EPS

	<i>Number</i>	<i>Number</i>
a) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS.	64,418,477	56,696,917

b) In accordance with AASB 133 'Earnings per Share' as potential ordinary shares may only result in a situation where their conversion results in increase on profit per share or decrease in loss per share, no dilutive effect has been taken into account.

NOTE 7 – CASH AND CASH EQUIVALENTS

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short term deposits	4,757,558	5,903,000	2,757,558	5,903,000
Cash at bank and on hand	215,628	480,117	211,637	470,874
Total Cash at bank and on hand	4,973,186	6,383,117	2,969,195	6,373,874

The effective interest rate on short term bank deposits was 4.3%. These deposits have an average maturity of 128 days. The Group's exposure to interest rate risk is summarised at Note 25.

NOTE 8 – TRADE AND OTHER RECEIVABLES

CURRENT

Other receivables	206,862	36,084	193,953	18,747
	206,862	36,084	193,953	18,747

At 30 June 2009 the consolidated entity did not have any receivables which were outside normal trading terms (past due but not impaired).

NOTE 9 – TRADE AND OTHER RECEIVABLES

NON-CURRENT

Loans to controlled entities	-	-	3,689,659	682,649
Provision for loan to subsidiary entity	-	-	(25,269)	-
Carrying amount at the end of year	-	-	3,664,390	682,649

The loans are non interest bearing and repayable at call.

NOTE 10 – FINANCIAL ASSETS

NON-CURRENT

Investments in controlled entities – at cost	-	-	3,283,895	3,283,895
Provisions for impairment	-	-	(812,640)	-
Carrying amount at the end of year	-	-	2,471,255	3,283,895

		Percentage Owned	
	Country of Incorporation	2009 %	2008 %
Parent Entity			
- Archer Exploration Limited	Australia	-	-
Subsidiaries of Archer Exploration Limited:			
- Pirie Resources Pty Ltd	Australia	100	-
- Kensington Exploration Pty Ltd	Australia	100	-

a) On 20 July 2007 the parent entity acquired 100% of Pirie Resources Pty Ltd for a purchase consideration of 7,000,000 shares, with a fair value of \$1,400,000.

b) On 20 July 2007 the parent entity acquired 100% of Kensington Exploration Pty Ltd for a purchase consideration of 9,418,477 shares, with a fair value of \$1,883,695.

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 11 – PLANT AND EQUIPMENT				
Plant and Equipment at cost	119,259	100,476	119,259	100,476
Accumulated depreciation	(26,529)	(2,002)	(26,529)	(2,002)
	92,730	98,474	92,730	98,474
a) Movements in carrying amounts:				
Balance at the beginning of the year	98,474	100,476	98,474	100,476
Additions	18,783	-	18,783	-
Depreciation	(24,527)	(2,002)	(24,527)	(2,002)
Balance at 30 June 2009	92,730	98,474	92,730	98,474
NOTE 12 – EXPLORATION AND EVALUATION EXPENDITURE				
Costs carried forward in respect of areas of interest in:				
Exploration and evaluation phase at cost	4,162,123	4,198,503	-	-
	4,162,123	4,198,503	-	-
a) Movements in carrying amounts:				
Exploration and evaluation				
Balance at the beginning of the year	4,198,503	-	-	-
Amounts acquired with subsidiaries	-	3,283,495	-	-
Amounts capitalised during the year	828,823	915,008	-	-
Impairment expense during the year	(865,203)	-	-	-
Balance at 30 June 2009	4,162,123	4,198,503	-	-
A summary by tenement is included at <i>Note 18</i>				
NOTE 13 – TRADE AND OTHER PAYABLES				
CURRENT				
Unsecured liabilities:				
Trade payables	86,169	184,464	57,848	66,676
Other creditors and accruals	58,016	188,300	49,200	46,492
	144,185	372,764	107,048	113,168

\$1,155 is owed to Norman Waterhouse Lawyers for legal services. Mr G English is a partner of Norman Waterhouse Lawyers.

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 14 – FINANCIAL LIABILITIES				
CURRENT				
Hire purchase liabilities	17,453	-	17,453	-
NON-CURRENT				
Hire purchase liabilities	21,030	-	21,030	-
The hire purchase liabilities are secured by a charge over a commercial deposit.				
NOTE 15 – SHORT-TERM PROVISIONS				
CURRENT				
Employee entitlements	20,657	8,899	14,416	8,899
Total number of employees at year end	8	5	8	5
NOTE 16 - ISSUED CAPITAL				
64,418,477 (2008: 64,418,477) fully paid ordinary shares	10,697,198	10,697,198	10,697,198	10,697,198

a) Ordinary Shares

	Number	Number	Number	Number
At 1 July 2007	64,418,477	11,000,000	64,418,477	11,000,000
Shares issued from 1 July 2007	-	-	-	-
- issued to vendors for tenements	-	16,418,477	-	16,418,477
- issued to consultant for IPO	-	2,000,000	-	2,000,000
- issued through public IPO	-	35,000,000	-	35,000,000
Total shares issued at 30 June 2008	64,418,477	64,418,477	64,418,477	64,418,477
Shares issued during the year	-	-	-	-
Total shares issued at 30 June 2009	64,418,477	64,418,477	64,418,477	64,418,477

18,604,798 are held by vendor shareholders, directors or director related entities and are unlisted as a result of being escrowed until 14 August 2009.

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 16 - ISSUED CAPITAL <i>continued</i>				
b) Issued Capital				
At 1 July 2007	10,697,198	704,000	10,697,198	704,000
Shares issued from 1 July 2007				
- issued to vendors for tenements 20 July 2007	-	3,283,695	-	3,283,695
- issued to consultant for IPO services 23 July 2007	-	400,000	-	400,000
- issued through public offer 2 August 2007	-	6,309,503	-	6,309,503
Total shares issued at 30 June 2008	10,697,198	10,697,198	10,697,198	10,697,198
Shares issued during the year	-	-	-	-
Total shares issued at 30 June 2009	10,697,198	10,697,198	10,697,198	10,697,198
Ordinary shares participate in dividends and the proceeds on winding of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.				
c) Options on issue				
Details of the share options outstanding as at the end of the year are set out below:				
<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>		
13 Feb 08				
Bonus options*	13 Feb 10	0.25	32,205,201	32,205,201
14 Jul 08				
Unlisted employee options	14 Jul 11	0.25	250,000	-
29 June 09				
Unlisted employee options	29 Jun 12	0.09	270,000	-
			32,725,201	32,205,201

* 9,302,399 are held by vendor shareholders and directors or director related entities and are unlisted as a result of being escrowed until 14 August 2009.

d) Capital management

Management controls the capital of the Group in order to maintain a good debt equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There has been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The strategy is to ensure that the Group's gearing ratio remains minimal. At 30 June 2009 the Company had debt of \$38,483 (2008: Nil) resulting from a hire purchase liability. See *Note 14*.

NOTE 17 - RESERVES

a) Share option reserve

The share option reserve records items recognised as an expense on valuation of employee share options.

NOTE 18 – TENEMENTS

The Company's interest in tenements are as follows:

All tenements are within South Australia

Project Tenement Commodity

			Consolidated Group		Parent Entity	
			2009	2008	2009	2008
			\$	\$	\$	\$
Yalamboo	EL3721	Base Metals	760,385	648,678	-	-
Andamooka	EL 3722	Base Metals	748,781	664,593	-	-
Woomera	EL 3724	Base Metals	503,591	483,850	-	-
Baroota	EL 4202	Base Metals	63,096	234	-	-
Wilmington	EL 4249	Base Metals	12,185	1,473	-	-
Pinda	EL 4201	Base Metals	29,144	234	-	-
Worlds End	EL 4230	Base Metals	179,216	86,524	-	-
Carapsee Hill	EL 3711	Base Metals	492,958	267,544	-	-
Lake Gairdner North	EL 3851	Base Metals	871,836	753,851	-	-
Lake Gairdner South	EL 3869	Base Metals	491,960	465,578	-	-
Carriewerloo	EL 3852	Base Metals	-	253,615	-	-
Sth Gawler Ranges	EL 4169	Base Metals	-	572,329	-	-
North Burra	EL 4266	Base Metals	7,726	-	-	-
North Cowell	EL 4277	Base Metals	1,245	-	-	-
Carrying value of exploration costs			4,162,123	4,198,503	-	-

NOTE 19 - CAPITAL AND OTHER EXPENDITURE COMMITMENTS

Capital commitments relating to tenements

The Company and the Consolidated Group are required to meet minimum expenditure requirements of various Australian Government bodies. These obligations are subject to re-negotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.

Exploration expenditure commitments

- due within one year	1,075,000	464,124	-	-
- due within 1-5 years	-	-	-	-
- due over 5 years	-	-	-	-
	1,075,000	464,124	-	-

Operating Lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases not provided for in the financial statements.

Lease expenditure commitments

- due within one year	14,088	21,132	14,088	21,132
- due within 1-5 years	-	14,088	-	14,088
- due over 5 years	-	-	-	-
	14,088	35,220	14,088	35,220

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 19 - CAPITAL AND OTHER EXPENDITURE COMMITMENTS <i>continued</i>				
Employment and consultant commitments				
Commitments for the payment of salaries and other remuneration pursuant to an employment contracts not provided for in the financial statements				
Expenditure commitments				
- due within one year	233,914	370,248	233,914	370,248
- due within 1-5 years	-	347,914	-	347,914
- due within 6-10 years	-	-	-	-
	233,914	718,162	233,914	718,162
Details relating to the employment contracts are set out in <i>Note 4</i> .				
NOTE 20 - SEGMENT REPORTING				
The Consolidated Group operates in the mining exploration industry within Australia.				
NOTE 21 - CASH FLOW INFORMATION				
a) Reconciliation of cash flows from operations with (Loss) from ordinary activities after income tax				
(Loss) from ordinary activities after income tax	(1,111,103)	(329,530)	(1,112,160)	(328,473)
Non cash flows in operating (loss)				
- Depreciation	24,527	2,002	24,527	2,002
Deferred tax asset written off (IPO costs)	-	295,926	-	295,926
- Share option expense	8,164	-	8,164	-
- Write down of assets	865,203	-	837,909	-
Changes in assets and liabilities, net of the effects of purchase of subsidiaries				
- (Increase)/Decrease in trade and other receivables	(170,776)	(14,698)	(175,204)	2,636
- Increase in trade and other payables	41,710	66,924	23,385	53,497
- Increase in provisions	11,758	8,899	5,517	8,899
Net cash provided by operating activities	(330,517)	29,523	(387,862)	34,487

NOTE 21 - CASH FLOW INFORMATION *continued*

	2009		2008	
	<i>Shares Issued</i>	<i>Fair Value of Shares Issued \$</i>	<i>Shares Issued</i>	<i>Fair Value of Shares Issued \$</i>
b) Non Cash Financing and Investing Activities				
2009				
There were no non cash financing and investing activities during the year.	-	-	-	-
2008				
Share issues				
During the year the company issued ordinary fully paid shares to third parties as outlined in the company's IPO prospectus for:				
- Acquisition of subsidiaries. Refer to <i>Note 10</i> .	-	-	16,418,477	3,283,695
- Corporate advisory services rendered during Initial Public Offer*	-	-	2,000,000	400,000
	-	-	18,418,477	3,683,695

* have been recognised as a capital raising cost and offset against equity.

c) Business Combinations

During the year Archer Exploration Limited acquired 100% of the issued capital of Pirie Resources Pty Ltd and Kensington Exploration Pty Ltd.

The fair value of the assets acquired:

- Cash	-	-	-	200
- Exploration and evaluation assets	-	-	-	3,283,495
Net assets	-	-	-	3,283,695
Net cash acquired	-	-	-	200
Net cash inflow	-	-	-	200

NOTE 22 - SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2009.

The company established the Archer Exploration Limited Employee Share Option Plan in order to reward employees for services rendered. All employees are entitled to participate in the plan if in the employment of the consolidated Group. Employees are entitled to acquire vested ordinary shares at an agreed price. When issued, the shares carry full dividend and voting rights.

250,000 options were issued on 14 July 2008 at a 25 cent exercise price expiring in 3 years. These options were not issued from the Archer Exploration Share Option Plan. 270,000 options were issued on 29 June 2009 with an exercise price of 9 cents expiring in 3 years from the Archer Exploration Limited Employee Share Option Plan.

All options granted to employees are over ordinary shares in Archer Exploration Limited, which confer a right of one ordinary share for every All options granted to employees are over ordinary shares in Archer Exploration Limited, which confer a right of one ordinary share for every option held.

NOTE 22 - SHARE BASED PAYMENTS *continued*

	<i>Consolidated Group</i>				<i>Parent Entity</i>			
	<i>2009</i>		<i>2008</i>		<i>2009</i>		<i>2008</i>	
	<i>Number of Options</i>	<i>Weighted Average Exercise Price \$</i>	<i>Number of Options</i>	<i>Weighted Average Exercise Price \$</i>	<i>Number of Options</i>	<i>Weighted Average Exercise Price \$</i>	<i>Number of Options</i>	<i>Weighted Average Exercise Price \$</i>
Outstanding at the beginning of the year	-	-	-	-	-	-	-	-
Granted	520,000	0.17	-	-	520,000	0.17	-	-
Forfeited	-	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-	-
Expired	-	-	-	-	-	-	-	-
Outstanding at year-end	520,000	0.17	-	-	520,000	0.17	-	-
Unexercisable at year-end	180,000	0.17	-	-	180,000	0.17	-	-

The options outstanding at 30 June 2009 had a weighted average exercise price of \$0.17 and a weighted average remaining contractual life of 2.5 years.

The weighted average fair value of the options granted during the year was \$0.03.

The fair value of options issued during the year as remuneration, were calculated by using a Black-Scholes option pricing model applying the following inputs:

	<i>Employees</i>	
	<i>14 July 08</i>	<i>29 June 09</i>
Weighted average exercise price	\$0.25	\$0.09
Weighted average life of the option	3 years	3 years
Underlying share price	\$0.05	\$0.07
Expected share price volatility	96%	142%
Risk free interest rate	6.00%	4.15%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expense in the income statement is 8,164 (2008: Nil), which relates in full, to equity-settled share-based payment transactions.

The following share-based payment arrangements existed at 30 June 2008:

On 20 July 2007 the Company issued 16,418,477 fully paid ordinary shares to acquire all the issued shares of Kensington Exploration Pty Ltd and Pirie Resources Pty Ltd. These companies owned eight exploration licences.

On 23 July 2007 the Company issued 2,000,000 fully paid shares as compensation to Tigermoth Investments Pty Ltd services rendered as a Financial Advisor to the Company for the Initial public offer resulting in the Company listing on the Australian Securities Exchange on 14 August 2007.

NOTE 23 - EVENTS AFTER THE BALANCE SHEET DATE

On the 4 September 2009 1,000,000 options with an exercise price of 20 cents expiring 31 December 2012 were issued to the newly appointed CEO, Michael Hatcher. Other than as disclosed, there have been no material events after balance date.

NOTE 24 - RELATED PARTY TRANSACTIONS**a) Subsidiaries**

Interests in subsidiaries are disclosed in *Note 10*.

b) Key Management Personnel

Disclosures relating to Key Management personnel are set out in *Note 4*.

c) Other transactions with related parties

A service fee and occupancy expense of \$1,500 was paid to UraniumSA Limited for providing a serviced office. Norman Waterhouse Lawyers were paid a total of \$1,155 for legal services.

Mr Tom Phillips AM and Ms Alice McCleary are directors of UraniumSA Limited and Greg English a partner of Norman Waterhouse Lawyers.

On 20 July 2007 the Company issued 11,104,798 fully paid ordinary shares to companies controlled by Greg English as compensation for the acquisition of Kensington Exploration Pty Ltd and Pirie Resources Pty Ltd. These two companies owned eight exploration licences. In addition a further 5,313,679 ordinary shares were issued to two other non related parties as compensation for the acquisition of Kensington Exploration Pty Ltd and Pirie Resources Pty Ltd.

NOTE 25 - FINANCIAL INSTRUMENTS**a) Financial Risk Management Policies**

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable payables and loans to and from subsidiaries.

i) Treasury Risk Management

The board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The board's overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

ii) Financial Risk Exposure and Management

The main risk the Group is exposed to through its financial instruments is interest rate risk.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2009 approximately 95% of Group deposits are fixed. It is the policy of the Group to keep between 90% and 100% of surplus cash in high yielding deposits.

	<i>Weighted Average Effective Interest Rate</i>		<i>Effective Interest Rate</i>		<i>Non Interest Bearing</i>		<i>Total</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>%</i>	<i>%</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Financial Assets								
Cash at bank	0.30%	6.6%	4,757,558	480,117	-	-	4,757,558	480,117
Deposits	4.30%	7.3%	215,628	5,903,000	-	-	215,628	5,903,000
Receivables	-	-	-	-	206,862	36,084	206,863	36,084
Total Financial Assets	-	-	4,973,186	6,383,117	206,862	36,084	5,180,049	6,419,201
Financial liabilities								
Payables	-	-	-	-	(144,185)	(372,763)	(144,185)	(372,763)
Financial liabilities	10.40%	-	(21,030)	-	-	-	(21,030)	-
Total Financial Liabilities	-	-	-	-	(144,185)	(372,763)	(165,215)	(372,763)
Total Net Financial Assets/ (Liabilities)	-	-	4,952,156	6,383,117	62,677	(336,679)	5,014,834	6,046,438

NOTE 25 - FINANCIAL INSTRUMENTS *continued***b) Sensitivity Analysis***Interest Rate and Price Risk*

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. It should be noted that the company does not have borrowings and any impacts would be in relation to deposit yields on cash investments.

Interest Rate Sensitivity Analysis

At 30 June 2009, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	<i>Consolidated Group</i>		<i>Parent Entity</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Change in loss				
- Increase in interest rates by 2%	95,000	122,000	95,000	122,000
- Decrease in interest rates by 2%	(95,000)	(122,000)	(95,000)	(122,000)
Change in equity				
- Increase in interest rates by 2%	95,000	122,000	95,000	122,000
- Decrease in interest rates by 2%	(95,000)	(122,000)	(95,000)	(122,000)

c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalent and non interest bearing monetary financial assets and financial liabilities of the consolidated entity approximate their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on discounting future cash flows by the current interest rates for assets and liabilities with similar risk profiles. The balances are not materially different from those disclosed in the balance sheet of the consolidated entity.

d) Credit Risk

The maximum exposure to credit risk, excluding the value of ant collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.



Directors' Declaration

The Directors of the Company declare that:

- 1 the Financial Statements and Notes as set out on pages 25 to 47 are in accordance with the *Corporations Act 2001* and:
 - a) comply with Accounting Standards; and
 - b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company and Consolidated Group;
- 2 the Chief Executive Officer and the Chief Financial officer have each declared that:
 - a) the financial records of the Company for the year ended have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes give a true and fair view;
- 3 in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Greg English

Chairman

Adelaide

Dated this 25th September 2009



Independent Audit Report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHER EXPLORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Archer Exploration Limited, (the company) which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

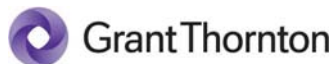
Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHER EXPLORATION LIMITED Cont

Auditor's responsibility Cont

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

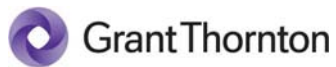
Auditor's opinion

In our opinion:

- a the financial report of Archer Exploration Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 19 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARCHER EXPLORATION LIMITED Cont**

Auditor's opinion

In our opinion the Remuneration Report of Archer Exploration Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

A handwritten signature in blue ink, appearing to read "J. L. Humphrey".

J. L. Humphrey
Partner

Signed at Wayville on this 25th day of September 2009



Additional Information

Compiled as at 18 September 2009

Audit committee

Details of the Company's Audit Committee are contained within the Director's Report.

Corporate Governance Practices

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the Australian Securities Exchange Corporate Governance Council during the reporting period immediately follows the Director's Report.

Shareholding

Details of the Company's Audit Committee are contained within the Director's Report.

Substantial Shareholders

The names of the substantial shareholders in the Company, the number of equity securities to which each substantial shareholder and substantial holder's associates have a relevant interest, as disclosed in substantial holding notices given to the Company:

<i>Name</i>	<i>No. of Ordinary Share</i>	<i>%</i>
GDE Exploration (SA) Pty Ltd (Dragon Mining Investments A/C)	7,534,798	11.70
Tigermoth Investments Limited	3,729,521	5.78
GDE Exploration (SA) Pty Ltd (A1 English Family A/C)	3,570,000	5.54

Distribution of Ordinary Shares

Ordinary Shares

<i>Range</i>	<i>Total Holders</i>	<i>Units</i>	<i>% Issued Capital</i>
1 – 1,000	17	2,101	0.00
1,001 – 5,000	48	182,559	0.28
5,001 – 10,000	172	1,660,411	2.58
10,001 – 100,000	445	16,140,176	25.06
100,001 – 9,999,999,999	71	46,433,230	72.08
Total	753	64,418,477	100.00

<i>Unmarketable Parcels</i>	<i>Minimum parcel size</i>	<i>Holders</i>	<i>Units</i>
Minimum \$500.00 parcel at \$0.11 per unit	4,546	53	124,990

Distribution of 13 February 2010 Listed Options

Listed Share Options

<i>Range</i>	<i>Total Holders</i>	<i>Units</i>	<i>% Issued Capital</i>
1 – 1,000	15	1,004	0.00
1,001 – 5,000	212	900,031	2.79
5,001 – 10,000	103	837,858	2.60
10,001 – 100,000	389	10,369,542	32.20
100,001 – 9,999,999,999	40	20,096,766	62.41
Total	759	32,205,201	100.00

<i>Unmarketable Parcels</i>	<i>Minimum parcel size</i>	<i>Holders</i>	<i>Units</i>
Minimum \$500.00 parcel at \$0.002 per unit	250,000	735	14,884,636

Distribution of 14 July 2011 Unlisted Options (Exercise price is 25 cents)

<i>Range</i>	<i>Total Holders</i>	<i>Units</i>	<i>% Issued Capital</i>
1 - 1,000			
1,001 - 5,000			
5,001 - 10,000			
10,001 - 100,000	1	250,000	100.00
100,001 - 9,999,999,999			
Total	1	250,000	100.00

Distribution of 29 June 2012 Unlisted Options (Exercise price is 9 cents)

<i>Range</i>	<i>Total Holders</i>	<i>Units</i>	<i>% Issued Capital</i>
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	2	130,000	48.15
100,001 - 9,999,999,999	1	140,000	51.85
Total	1	270,000	100.00

Distribution of 31 December 2012 Unlisted Options (Exercise price is 20 cents)

<i>Range</i>	<i>Total Holders</i>	<i>Units</i>	<i>% Issued Capital</i>
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999,999	1	1,000,000	100.00
Total	1	1,000,000	100.00

Voting Rights

At meeting of members or classes of members:

- a) each member entitled to vote may vote in person or by proxy, attorney or representative;
- b) on a show of hands, every person present who is a member or proxy, attorney or representative of a member has one vote; and
- c) on a poll, every person present who is a member or a proxy, attorney or representative of a member has:
 - i) for each fully paid share held by him, or in respect of which he [is] appointed a proxy, attorney or representative, one vote for the share;
 - ii) for each partly paid share, only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited), subject to any rights or restrictions attached to any shares or class or classes of shares.

Twenty largest holders of each class of quoted equity security

Ordinary Shares

<i>Rank</i>	<i>Name</i>	<i>Units</i>	<i>% Issued capital</i>
1	Gde Exploration (SA) Pty Ltd	7,534,798	11.70
2	Gde Exploration (SA) Pty Ltd	3,570,000	5.54
3	Valentina Nowak	2,609,750	4.05
4	Sakura Capital Ltd	2,175,917	3.38
5	Tigermoth Investments Limited	2,000,000	3.10
6	UraniumSA Limited	2,000,000	3.10
7	Deborah Annette Rossiter	1,883,679	2.92
8	Tigermoth Investments Ltd	1,729,521	2.68
9	Ms Alice McCleary + Mr Brian John McCleary	1,480,000	2.30
10	Sakura Capital Ltd	1,296,806	2.01
11	Mr Ganesan Sivanandam	1,150,000	1.79
12	Mr Heung Ming Lam	1,050,000	1.63
13	Mr Joshua Cheng	950,000	1.47
14	Mr Craig Gooden + Mrs Virginia Gooden	850,000	1.32
15	Bluck Holdings Pty Ltd	750,000	1.16
16	Chin Huan Ng	750,000	1.16
17	Mr Roger Edward Koch	600,000	0.93
18	Mr Sivanandam Narayanasamy	595,000	0.92
19	Eap Nominees Pty Ltd	575,000	0.89
20	Mrs Chun Ching Sze	545,000	0.85
Total		34,095,471	52.90

Twenty largest holders of listed Options

<i>Rank</i>	<i>Name</i>	<i>Units</i>	<i>% Issued Options</i>
1	GDE Exploration (SA) Pty Ltd	3,767,399	11.70
2	GDE Exploration (SA) Pty Ltd	1,785,000	5.54
3	Valentina Nowak	1,715,000	5.33
4	Mr Ganesan Sivanandam	1,050,000	3.26
5	Tigermoth Investments Limited	1,000,000	3.11
6	UraniumSA Limited	1,000,000	3.11
7	Deborah Annette Rossiter	941,840	2.92
8	Sakura Capital Ltd	648,403	2.01
9	Mr Jacob Mathew	500,000	1.55
10	Mr Fang Hua Ding	430,423	1.34
11	Mr Sivanandam Narayanasamy	430,000	1.34
12	Bluck Holdings Pty Ltd	375,000	1.16
13	Mr Craig Gooden + Mrs Virginia Gooden	375,000	1.16
14	Ms Alice McCleary + Mr Brian John McCleary	375,000	1.16
15	Chin Huan Ng	375,000	1.16
16	Ms Alice McCleary	365,000	1.13
17	Ng collett Pty Ltd	337,500	1.05
18	Mr Graeme John Haines + Mrs Sharni Gay Haines	312,500	0.97
19	EAP Nominees Pty Ltd	287,500	0.89
20	EAP Nominees Pty Ltd	250,000	0.78
Total		16,320,565	50.67

Holders of 14 July 2011 Unlisted Options (Exercise price 25 cents)

<i>Rank</i>	<i>Name</i>	<i>Units</i>	<i>% Issued capital</i>
1	Gerard Anderson	250,000	100.00
Total		250,000	100.00

Holders of 29 June 2012 Unlisted Options (Exercise price 9 cents)

<i>Rank</i>	<i>Name</i>	<i>Units</i>	<i>% Issued capital</i>
1	Wade Bolenhagen	140,000	51.85
2	Claude Walter	80,000	29.63
3	Louise Howie	50,000	18.52
Total		270,000	51.85

Holders of 31 December 2012 Unlisted Options (Exercise price 20 cents)

<i>Rank</i>	<i>Name</i>	<i>Units</i>	<i>% Issued capital</i>
1	Mike Hatcher	1,000,000	100.00
Total		1,000,000	100.00

Use of Cash

During the financial year, the Company used the cash and assets in a form readily convertible to cash in a manner that was consistent with its business objectives.

Other Details

Address and Telephone Details of the Company's Registered and Administrative office

The address and telephone details of the registered office in Australia is:

Archer Exploration Limited
Level 1, 135 Fullarton Road
Rose Park SA 5067
Tel: +61 8 8332 5033
Fax: +61 8 8364 4288

The address and telephone details of the administrative office in Australia:

Archer Exploration Limited
Level 1, 135 Fullarton Road
Rose Park SA 5067
Tel: +61 8 8332 5033
Fax: +61 8 8364 4288

Address and Telephone details of the office at which a Registrar of Securities is kept:

Computer Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000
Tel: +61 8 8236 2300
Investor Enquiries 1300 556 161
Fax: +61 8 8236 2305

Stock Exchange on which the Company's Securities are quoted

The Company's listed equity securities are quoted on the Australian Securities Exchange.

Mineral Exploration Licences

As the Company is a mining exploration company, below is a list of its interests in mineral exploration tenements licences granted, where the licences are situated and the percentage interest held.

<i>Project</i>	<i>Tenement</i>	<i>Commodity</i>	<i>Interest</i>
Lake Gairdner North	3851	Base Metals	100%
Lake Gairdner South	3869	Base Metals	100%
Woomera	3724	Base Metals	100%
Andamooka	3722	Base Metals	100%
Yalymboo	3721	Base Metals	100%
Carrappee Hill	3711	Base Metals	100%
Baroota	4201	Base Metals	100%
Pinda	4202	Base Metals	100%
Spring Creek	4249	Base Metals	100%
World's End	4230	Base Metals	100%
Burra North	4266	Base Metals	100%
North Cowell	4277	Base Metals	100%

On Market Buy-back

There is currently no on-market buy-back.



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