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### Competent persons statement

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 eighteen years experience in the field of activity being reported. Mr Bollenhagen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' relating to the reporting of Exploration Results. Mr. Bollenhagen consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

### Forward looking statements

The information in this report is published to inform you about Archer Exploration Limited and its activities. Some statements in this report regarding estimates or future events are forward looking statements. Although Archer Exploration Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results and outcomes will be consistent with these forward-looking statements.



## Highlights and Achievements

Archer's main exploration focus for 2012 was to advance the Company's 100% owned Campoona and Sugarloaf graphite deposits. Archer also progressed metallurgical test work on the Company's magnesite deposits at Leigh Creek, drill tested the Bartel Epithermal gold prospect and drilled the Emu Plain copper prospect.

During the year Archer sold its five (5) Exploration Licences in the West Roxby area to BHP Billiton for a cash consideration of \$8 million. That sale plus the completion of a successful share placement to sophisticated investors and a capped SPP has resulted in Archer having over \$12.7 million as cash at bank. This places the Company in a very strong financial position to advance exploration and development plans in 2013:

### Graphite

Graphite and more specifically, the Campoona graphite deposit, has emerged as a likely development project for the Company.

During 2011, Archer earned the right to 100% of minerals other than uranium on EL4693 Wildhorse Plain and EL 3653 Elbow Hill. Several graphite bodies were identified on Wildhorse Plain and samples showed that much prized large flake graphite was present at Campoona, Campoona South and Council Pit. Several additional graphite occurrences on Wildhorse Plain were identified from historic exploration records.

*The Company is in a very strong financial position and is well placed to rapidly advance exploration and capitalise on the burgeoning worldwide demand for graphite*

Campoona has quickly transitioned from a mineral occurrence to a mineral deposit. Two drill campaigns were completed during the year at Central Campoona and Campoona Shaft. On the strength of the drill results a third more comprehensive, close spaced, Resource drilling programme of the Campoona Shaft area was started with the aim of defining JORC Resources. This combined RC and diamond drilling programme was nearing completion at year's end.

Metallurgical test work using Campoona Shaft and Central Campoona samples recovered high grade graphite concentrates across the range of graphite products including large, medium and fine flake graphite and amorphous graphite. Diamond drilling which was in progress at 30<sup>th</sup> June 2012 will provide samples across the length, breadth and depth of the Campoona Shaft graphite area for tests that will determine the process flow sheet for mineral extraction.

Archer commenced a detailed airborne EM survey in June 2012. Results from this survey should provide the Company with additional drill targets especially along the >14km Campoona shear trend.

The Company will undertake baseline environmental and community studies for the combined Campoona Shaft and Central Campoona areas commencing with Spring flora and fauna surveys.

Significant advances were also made on the Company's graphite project at Carapsee Hill (Sugarloaf graphite deposit) with drilling demonstrating an Exploration Target\* of 37-70Mt grading 10-12% C. The deposit which is open along strike and down-dip shows no sign of thinning with depth. Diamond drilling will be undertaken in August 2012 to provide quality samples for metallurgical evaluation.

\* The potential quantities and grades presented are conceptual in nature, there has been insufficient exploration to define an overall Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



### **Graphite** *continued*

Archer increased its graphite position to 918km<sup>2</sup> in the highly prospective Cleve Uplands with the grant of EL4893 Cleve West.

The outlook for graphite in Archer's view is very strong. The Company is in a good position to rapidly advance exploration and capitalise on the burgeoning worldwide demand for graphite. Graphite will be the Company's main focus again in 2013 with the aim of having JORC Resources and Reserves for both Campoona Shaft and Central Campoona. During 2013 the Company will decide on the next phases of the project's evaluation including a decision whether or not to proceed with a Feasibility Study.

### **Magnesite**

Leigh Creek Magnesite Pty Ltd was granted Exploration Licence EL4567 on 20<sup>th</sup> September 2010 for an initial period of 2 years. EL4567 has a total area of 540 km<sup>2</sup> and covers the Mt Hutton, Mt Playfair, Termination Hill and Pug Hill magnesite resources. On the 2<sup>nd</sup> June 2010 Leigh Creek Magnesite made application for ELA 173/10 covering 452km<sup>2</sup> and the Witchelina magnesite resource. This ELA was approved by the Government of South Australia on 5<sup>th</sup> December 2010 and was granted to Archer as Exploration Licence EL4729 on 2nd May 2011.

Archer applied for the tenements for three main reasons:

- The deposits were known to be World Class both in terms of tonnage and grade.
- The belief that a project based on the production of Caustic Calcined Magnesia ('CCM') which would negate the high capital costs commanded by a magnesium metal plant, might present a very long-term profitable business case.
- Previous exploration was sufficient to support the estimation of JORC Measured, Indicated and Inferred Resources of 413Mt grading 41.3% MgO. At Mt Hutton JORC Reserves as well as other attendant studies needed to support a Mining Lease Application had been completed.

*Archer is confident that the test work has greatly improved the probability of unlocking the value inherent in such an enormous resource.*

It is rare that a Company is able to acquire such potentially significant resources for the price equivalent to the application costs for two Exploration Licences.

Archer does not underestimate the barriers to entry that exist for new entrants into the competitive magnesia 'industrial minerals' market. However, the Company through the application of relatively modest expenditure has been able to produce high grade magnesia (>95% MgO and ≈2.5% SiO<sub>2</sub>) using simple crushing, attritioning and calcination. Archer is confident that the test work has greatly improved the probability of unlocking the value inherent in such an enormous resource.

The Company reaffirms its position that the project would benefit from joint development with a partner with the requisite technical and marketing expertise in magnesite/magnesia.



## Gold

The immediate Bartel area was seen by early explorers as a likely uranium target. Kerr McGee completed diamond drilling on what they designated as the A405 target but did not report the presence of uranium. Archer re-sampled historic drill core from Bartels in October 2010 and reported anomalous gold.

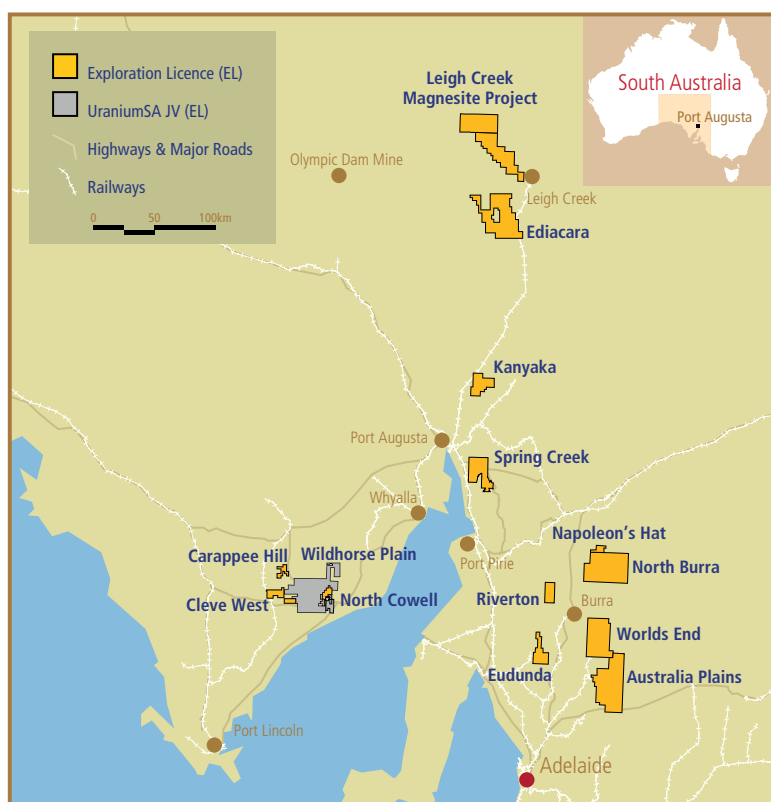
Hole A405\_2 reported an average of 16.5m @ 0.32g/t Au, 7g/t Ag and 146 ppm Mo from 32m down-hole. The highly anomalous gold was related to quartz filled voids and fluorite occurring as hydraulic breccias. Colloform banded quartz veining was also observed.

Hole A405\_3A located some 200m NE of hole A405\_2 reported an intercept of 5.8m @ 0.48 g/t Au and 2.93 g/t Ag from 31.4m down-hole.

The widespread alteration geochemistry suggests the Bartel prospect to be a low sulphidation hydrothermal (epithermal) alteration system. The area of known alteration is very large being at least 1.5km x 1.2km in dimensions and is perhaps much larger as it is seen to extend under cover. Drilling in 2012 near the historic gold intercepts recorded 29m intercept grading 0.57g/t Au.

Low sulphidation epithermal alteration systems often record strong vertical mineral zonation and can host bonanza grade gold veins. In such systems gold is often concentrated through a combination of ground preparation (permeability) and rheological contrast. Further drill testing is planned for 2013.

*The area of known alteration is very large being at least 1.5km x 1.2km in dimensions...*



*Archer's exploration portfolio has a number of significant projects*





## Letter from Chairman

Dear Fellow Shareholder,

In 2011 Archer Exploration announced the further discovery of high grade graphite at the Campoona Project. This graphite discovery in the upper Eyre Peninsula region of South Australia has been the Company's primary focus over the last year.

The Campoona project is located within a larger graphite province on the Eyre Peninsula, which includes Tarcoola Gold's Uley Graphite Mine which is in the process of re-commissioning.

Due to the historically low price of graphite, there has been minimal systematic exploration across the Company's tenements. Despite the lack of graphite focussed exploration many previous explorers noted the presence of graphite in drill core and samples. Through the application of modern exploration techniques the Company has been able to identify numerous large graphite occurrences at Campoona and also 15km to the northwest at the Company's Sugarloaf Graphite Project.

*Campoona has a deep weathering profile which means that mother nature has done most of the liberation work for us ...*

The discovery of shallow, high grade graphite in multiple intersections over an extensive area at the Campoona Shaft prospect within the broader Campoona Project has been a significant development. We have only just scratched the surface at Campoona and Sugarloaf with graphite mineralisation already defined over a large area.

The mineralised system at Campoona has demonstrated the capacity to generate high grade, near surface graphite mineralisation. The main objective of our drilling campaigns at Campoona has been to confirm the presence of a high grade JORC compliant resource which we hope to announce to the market in the last quarter of this year.

A challenge with graphite and other industrial minerals is the ability to produce a marketable product. Many graphite explorers and hopeful producers are spruiking the presence of large flake graphite in drilling and rock chip samples. However, what many fail to mention or appreciate is that much of the flake graphite may be destroyed during crushing, grinding and mineral processing. Campoona has a deep weathering profile which means that nature has done much of the liberation work for us.

During the year the Company sold its West Roxby Projects to BHP Billiton for \$8.0m cash. The West Roxby Project was for many years a key asset of the Company. However West Roxby's deep geophysical targets would have required expensive deep drilling. The Company believes that BHP Billiton is better able to fund the drilling at West Roxby and is one of only a handful of global companies with the technical and financial capacity to take any exploration success through to development.

The sale of West Roxby for \$8.0m cash was a great result for the Company and was done at a time when other explorers were forced to undertake highly dilutive capital raisings at low share prices. Our 30th June 2012 cash of \$12.75m gives us the ability to accelerate our exploration and at the same time gives us the financial capacity to consider acquisitions.





Over the past few years the Board has focussed on developing a strong pipeline of projects and we are starting to see the benefits of this strategy. Leigh Creek magnesite has the potential to create great value for the Company for minimal cost. At Bartel we have discovered a large epithermal system that is showing some promising gold occurrences. We have only just scratched the surface at the Ketchowla manganese project and have been unable to properly assess the potential of our copper projects due to previous cash constraints.

*It remains a good time to make a graphite discovery and to develop a high quality graphite project such as Campoona.*

We continue to remain focussed on those projects that we believe will generate the greatest return to shareholders rather than focussing on a particular commodity. At Archer we see the diversity of our portfolio as major strength which enables us to grab opportunities when they arise, such as Campoona graphite.

Whilst global financial markets have been turbulent in recent times the outlook and demand for graphite remains strong. It remains a good time to make a graphite discovery and to develop a high quality graphite project such as Campoona. We have secured a large foothold in the Campoona region in which the graphite rights are 100% owned by the Company. The sale of the West Roxby Project and the subsequent share placement and share purchase plan means that the Company has a strong cash balance and the resources available to accelerate development at Campoona and to also explore the Companies numerous other projects.

The outlook for Archer remains positive. We have put 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 of all of our assets but also establishing the Company with a clear growth strategy that should deliver strong shareholder value in the future.



Greg English  
Chairman

*\* The potential quantities and grades presented are conceptual in nature, there has been insufficient exploration to define an overall Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*







## *Review of Operations*

Archer's exploration portfolio has a number of significant projects

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## Graphite presents a significant opportunity for Archer and the Company has made excellent progress in the evaluation of the Campoona Graphite Deposit during 2012.

Graphite due to its rarity, its unique physical and chemical properties and its growing importance in high technology applications and green energy initiatives has been declared a strategic mineral by both the USA and the European Union.

The strategic mineral status also acknowledges the dominance of China in having huge reserves and substantial production capacity. China produces around 75 per cent of the world's graphite. Chinese graphite is declining in quality as easily mined surface oxide deposits are being depleted. Costs of production are increasing as mines become deeper. Costs are also under considerable pressure from tightening labor and environmental standards. Many Chinese graphite mines are small and operate seasonally. During 2012 reports stated that up to 200 graphite mines were closed in the Hunan Province in favour of a small number of higher output mines. Commentators have attributed the closures to a combination of environmental, resource preservation and output control measures. China has a 20% export duty on graphite, as well as a 17% VAT, and has instituted an export licensing system to ensure supply to its domestic economy including its steel industry which internally consumes a great deal of graphite.

China's dominance in graphite and its ability to restrict or advance output has created supply concerns for the rest of the world.

The USA has no crystalline flake graphite production. Several potential mines in Canada have been in the planning stages in some cases for many years and production capacity still appears some way off.

Recent graphite exploration in Africa has identified some large flake deposits mostly in primary granulite facies gneisses. These projects are in the formative stages of exploration and will need to contend with the issues of graphite extraction from hard rock and with infrastructure and supply chain issues common in such jurisdictions. Such projects have the potential to supply graphite in the medium and long-term.

Substitution of graphite by other minerals is highly unlikely as no mineral is so versatile and with such unique and important physical and chemical properties.

### What is Graphite?

Graphite is a natural form of carbon with the chemical formula C and is characterised by its hexagonal crystalline structure. It occurs naturally in metamorphic rocks such as marble, schist and gneiss.

It is a lustrous black carbon mineral, greasy and soft with a hardness of 1-2 on the Moh's scale. Graphite is an excellent conductor of heat and electricity and has the highest natural strength and stiffness of any material. It maintains its strength and stability to temperatures in excess of 3,600°C and is very resistant to chemical attack. It is also one of the lightest of all reinforcing agents and has high natural lubricity.

Some of the key physical and chemical properties of graphite are:

- High melting temperature
- Stability and strength at high temperatures (up to 4,500 F in non-oxidizing atmospheres)
- High thermal and electrical conductivity
- Chemically inert
- High resistance to thermal shock
- High conductivity of solid; low conductivity of porous foam, cloth and tape
- Low coefficient of thermal expansion
- Good electrical conductivity. It is the only non-metal that is a good conductor of electricity
- High radiation emissivity
- Flame retardant
- High compressive strength
- Stiffness of solid; flexibility of filament, cloth or tape
- High resistance to erosion
- Good machinability
- Low friction; self-lubrication
- High resistance to chemical attack and corrosion
- High absorption of gases and vapours
- High moderating ratio; i.e., ratio of fast neutron slowing-down
- High ratio of thermal neutron scattering, into the absorption cross section.



**Graphite Market**

The commercial market is dominated by two distinct grades of graphite.

- Amorphous Graphite, and
- Flake Graphite.

**Amorphous Graphite**

Microcrystalline graphite is commercially called amorphous graphite. Amorphous graphite has very small crystals with graphite content ranging from 15% to 98%TGC (Total Graphitic Carbon). Most amorphous graphite is sourced from metamorphosed coal where the presence of ash makes it costly to beneficiate to achieve grades greater than 85%TGC. High grade amorphous graphite has advanced uses and can be used as either a substitute for or as an addition to synthetic graphite in high tech uses.

**Crystalline Flake Graphite**

Flake graphite is rare. It usually occurs as flat platy crystals disseminated in metamorphic rocks and occasionally in veins.

Flake graphite is classified based on the size of the crystal flakes and graded according to their graphitic carbon content. Quality is determined by the carbon content and the particle size. The flake form occurs in only a few locations around the world.

Global demand for coarsely crystalline flake has increased 40% over the last five years and is expected to continue to increase for the foreseeable future. The high-tech sector is the main consumer of high-quality flake graphite. Flake graphite is used for industrial applications requiring high carbon content to ensure high-performance levels. Although this requires additional processing costs to assure the quality product demanded for these applications, the profit margins are correspondingly greater.

The trend in this market sector is for higher carbon and higher purity levels. The advent of advanced purification methods for graphite facilitates new applications for graphite across all industry sectors.

**World Graphite Production**

China is the world's largest producer of graphite. The majority of graphite mining is centred on Heilongjiang in the north-east and Shandong in east China. As much of China's graphite supply is in the north of the country it tends to be affected by poor weather, with mines closing over the winter period nominally from November to March. As a result the global market is affected by seasonal availability and supply, usually leading to tightening prices during the northern hemisphere's winter period.



*Flake graphite is used in the high-tech sector, such as touchscreen tablets*

*Graphene is a new material, with exceptional physical and chemical properties, made from graphite.*

*Traditional Uses for Graphite*

Amorphous graphite is used for carbon parts; coatings; friction materials; lubricants; pencils. Its use in the iron and steel industries has been replaced by the higher grades of graphite. Amorphous graphite is still being used as a carbon additive in many of the developing nations as it is cheap and readily available.

Traditional demand for graphite is largely tied to the steel industry where it is used as a liner for ladles and crucibles, as a component in bricks which line furnaces and as an agent to increase the carbon content of steel. In the automotive industry it is used in brake linings, gaskets and clutch materials. Graphite also has a myriad of other uses in batteries, lubricants, fire retardants, and reinforcements in plastics.

Industrial demand for graphite has been growing at about 5 per cent per annum for most of this decade due to the ongoing industrialisation in China, India and other emerging economies.

The uses for crystalline flake graphite are changing rapidly as new uses are being constantly developed. Some of the main uses are in brake linings/pads; batteries; friction materials; fuel cells; gaskets; seals; bearings; foils; shrouds; electrical brushes; bricks; composites; crucibles; carbon pans; coatings; medical applications; graphite sheets; sports equipment; lubricants; powder metal; refractories and computer circuit boards.

The commercial market for graphite is facing increasing demand from a multitude of diverse industrial sectors across both developing and advanced economies. Steel industries in China, Japan, India, South Korea and North America require large tonnages of graphite.

Greater volumes of graphite will be required from established technologies such as carbon-based applications, electronics and computers.

*High Tech Uses for Graphite*

Graphite demand is surging in response to a number of green initiatives including lithium-ion batteries, fuel cells, solar energy, semi-conductors, and nuclear energy. Many of these applications have the potential to consume more graphite than all current uses combined.

The market for graphite exceeds one million tonnes per year with some 600,000 tonnes produced as amorphous graphite powder and 400,000 tonnes of various sized crystalline flake graphite.

The demand for graphite is surging as the world seeks newer and better energy storage solutions to provide clean portable energy, alternative fuel for the automotive industry (the emergence of hybrid electric vehicles) and energy storage solutions for green energy initiatives such as solar energy.

Emerging high tech uses are being constantly identified.



*Archer's graphite from drilling results*



The lithium-ion battery market is likely to have a significant impact on the graphite market especially for the prized flake graphite as the demand for mobile energy storage systems increases. Lithium (Li) ion batteries are smaller, lighter and more powerful than traditional batteries. They also have no memory effect and a very low rate of discharge when not in use. Because of these attributes most portable consumer devices such as laptops, mobile phones, MP3 players and digital cameras use Li ion batteries. More recently Li ion batteries have moved into the power tools market.

Graphite is in a much stronger position than lithium carbonate as it is the anode material of choice for most battery designs. The anode requires a porous carbon material and graphite is the optimum match. Only flake graphite which can be upgraded to 99.9% purity can be used to make the 'spherical' or 'potato' shaped graphite used in Li ion batteries. The process is expensive and wastes up to 70% of the feed graphite. Spherical graphite usually commands prices double that of high quality flake graphite.

Almost all Li ion battery manufacturing currently takes place in Asia. The US government concerned over the decline in the US car industry has enacted congressional stimulus bills including tens of billions of dollars in loans, grants, and tax incentives for battery, HEV research and manufacture to protect the US industry. Investment by US States and private companies in the design and manufacture of lithium ion batteries has risen sharply. Michigan awarded \$544M in tax credits to four Li ion battery companies with plans to invest more than \$1.7 billion in manufacturing facilities.

Vehicle manufactures the world over are looking to create sleeker, faster and more appealing yet environmental friendly electric vehicles (EV) and hybrid electric vehicles (HEV). The USA has 200,000,000 of the estimated 750,000,000 cars in the world. Research by the University of California predicts that by 2030, 64% of all US made cars will be electric. If similar trends are seen worldwide then demand for graphite should experience exponential growth.

There are 2-10 kgs of graphite in the average hybrid electric vehicles ('HEV') and 25-50 kgs in an electric vehicles ('EV'). President Obama's target is to have one million EVs on the road in the US alone by 2015. In a recent research report, Canaccord estimated that incremental Li carbonate demand from Li ion batteries will reach 286,000 tonnes by 2020. That will require a six fold increase in annual flake graphite production to provide material for that many batteries. Historically, these batteries have been small and the resultant demand for metal is relatively small. Graphite demand in Li ion batteries was estimated at 44,000 tonnes

in 2008 or about 10 per cent of the flake graphite market. However, demand is increasing. Li ion batteries are now being used in HEV, plug in electric vehicles ('PEV') and all EV's where the batteries are large and the potential demand for graphite very significant.

It is reported that the Chinese government has contributed US\$17 billion to the Chinese auto industry to make it a world leader in electric and electric hybrid vehicles. Most major auto makers including Audi, Automotto, BMW, BYD Auto, Chevrolet, Chrysler, Citroen, Dodge, Ferrari, Fiat, Ford, GM, Great

Wall, Holden, Honda, Hummer, Hyundai, Jaguar, Mazda, Mercedes Benz, Miev, Mini, Mitsubishi, Nissan, Opel, Peugeot, Pinnafarina, Pontiac, Porsche, Renault, Rolls Royce, Saab, Saturn, Smart Car, Subaru, Suzuki,

Tesla, Toyota, Volvo and VW are all making electric and/or electric hybrid cars. There are many more boutique auto makers also making electric and electric hybrid cars, vans, trucks and motor bikes.

The auto industry is also using graphite because it is one of the lightest of all reinforcing agents and has high natural lubricity. These attributes make graphite a crucial material in cylinder heads, gaskets, clutch materials, exhaust systems and motors.

*Graphite is in a much stronger position than lithium carbonate as it is the anode material of choice for most battery designs.*



Graphite has replaced asbestos as the main component in disc brake pads and linings. Another benefit of using graphite is quieter brakes due to graphite's natural lubricity.

Graphite is also the key material for ultra lightweight carbon fibre reinforced plastics (CFRPs). These plastics long used in aerospace and Formula One racing, have become increasingly important in the quest for lighter-weight materials to reduce fuel consumption and lower CO<sub>2</sub> emissions in everyday vehicles. Carbon fibre technology is predicted to fundamentally change the car industry.

Future demand for graphite is also likely to be driven by the push for green energy solutions. Governments worldwide are responding to the threat of climate change caused by CO<sub>2</sub> generated by the burning of fossil fuels.

Fuel cell technology is seen as the future for sustainable, portable, self-contained energy solutions with some commentators predicting that the fuel cell industry will eventually require as much graphite as all other high tech uses combined. Bi-polar plates, which are a major component of fuel cells, are made from medium to coarse, high purity flake graphite.

While batteries store electrical energy for subsequent use, fuel cells also generate electricity through chemical reactions and therefore need to be periodically 'refuelled'. Fuel cells can be used in both stationary and mobile applications and use substantially more graphite than lithium ion batteries. Fuel cells are reliable, have no moving parts, and are long lasting, which means they have very low maintenance. Since they have no moving parts they produce little or no waste products and are very quiet, eliminating noise pollution. Fuel cells are also much more efficient than combustion engines in converting fuel to energy.

Most of the major automakers are working to commercialise a fuel cell car. Fuel cells currently power buses, boats, trains, planes, scooters, forklifts and bicycles. There are fuel cell-powered vending machines, vacuum cleaners and highway road signs. Miniature fuel cells are used for mobile phones, laptop computers and portable electronics. Hospitals, credit

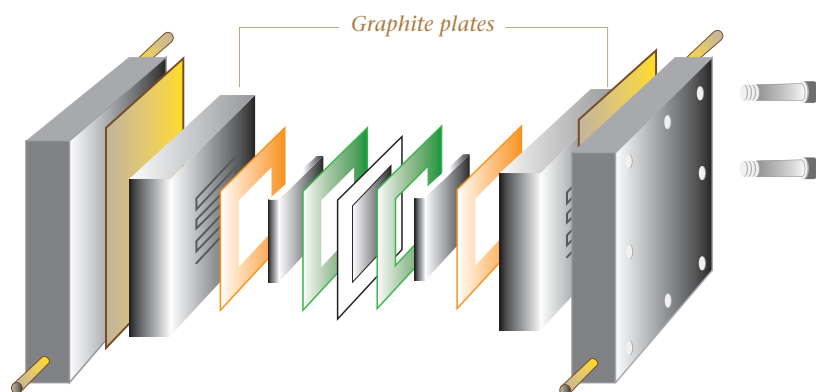
card centers, police stations and banks are beginning to use fuel cells to provide emergency power to their facilities. Wastewater treatment plants and landfills are using fuel cells to convert the methane gas they produce into electricity.

Uses for graphite and graphite derived materials are constantly being developed. One such product, graphene, is predicted to have a profound impact on the future development of mankind. Potential applications for graphene include a highly efficient replacement for silicon in semi-conductors; replacing of carbon fibers in composite materials to enable lighter and stronger aircraft; as an additive or coating to plastics to enable them to conduct electricity; increasing the efficiency of electric batteries; transparent conductive coatings for solar cells; stronger wind turbines; stronger medical implants; better sports equipment; super-capacitors; high-power high frequency electronic devices and touch screens and LCD's. The list is expanding all the time.

Archer likens the emerging importance of graphite to that of the recent history of Rare Earth Elements ('REE'). Few people realised how quickly REE would increase in importance as more and more advanced applications were discovered. Fewer understood the strategic importance of REEs.

The short, medium and long-term outlook for graphite in Archer's view is very strong. Archer with its extensive landholding in the highly prospective Cleve Uplands hosting a number of graphite occurrences (including valuable coarse flake graphite) is in a strong position to rapidly advance exploration and capitalise on the burgeoning demand for graphite.

Graphite use is also expected to rise sharply due to its growing use in Pebble Bed Nuclear Reactors ('PBNR'). These reactors are small, modular nuclear reactors. The fuel is uranium imbedded in graphite balls the size of tennis balls. These reactors have a number of advantages over large traditional reactors including lower capital and



*Fuel cell technology is seen as the future for sustainable, portable, self-contained energy solutions with some commentators predicting that the fuel cell industry will eventually require as much graphite as all other high tech uses combined.*



operating costs, use inert gases as coolants rather than complex water cooling, they cool naturally when shut down, they operate at higher temperatures leading to more efficient use of the fuel and they can directly heat fluids for low pressure gas turbines.

The first prototype is operating in China and the country has firm plans to build 30 by 2020. China ultimately plans to build up to 300 Gigawatts of capacity and PBNRs are a major part of the strategy.

Small, modular reactors are attractive to small population centers or large and especially remote industrial applications. Companies such as Hitachi are currently working on turn-key solutions. Researchers at West Virginia University estimate that 500 new 100GW pebble reactors will be installed in the US by 2020 with an estimated graphite requirement of 400,000 tonnes. This alone is equal to the world's current annual production of flake graphite without taking into account pebble reactor demand from the rest of the world, growing industrial demand and growing demand from other applications such as lithium-ion batteries. Each pebble reactor is predicted to need 300 tonnes of graphite at start up and 60-100 tonnes per year to operate.

#### Demand Vs Graphite Price

The price varies depending on the classification of the graphite – amorphous or flake graphite. There are distinct differences between these grades. Each has its own pricing structure and even within each category, price is strongly affected by purity, types of contamination and crystal size. There is also a very large specialised market for synthetic graphite.

#### Demand trends

Refractories remain the largest end use for the graphite market (35%), where flake and amorphous grades are used in various applications. Flake graphite provides good oxidation and corrosion resistance, while improving the structural strength of castable and shaped refractories. Amorphous graphite is applied where a flexible and deformable product is required. The short and medium-term outlook for the refractories industry is very promising - particularly in the steelmaking segment, where global crude output is continuing to rise.

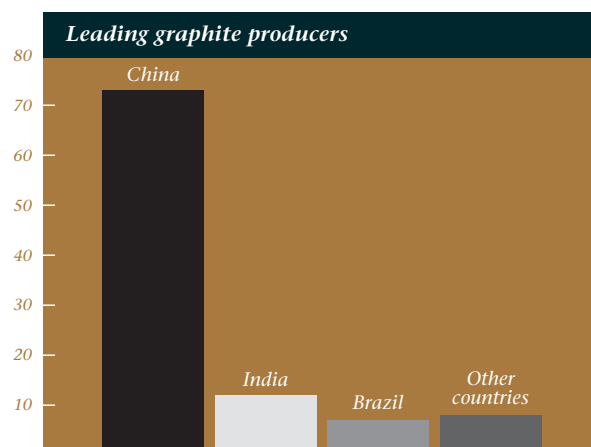
Mobile energy markets, currently the second largest consumer of graphite (25%), are experiencing significant growth especially in batteries where it is intercalated with lithium ions - creating a very stable battery that provides a high energy density.

The production of spherical graphite for Lithium-ion batteries destroys around 60-70% of the feedstock flake graphite. It is estimated that up to 100,000 tonnes of flake

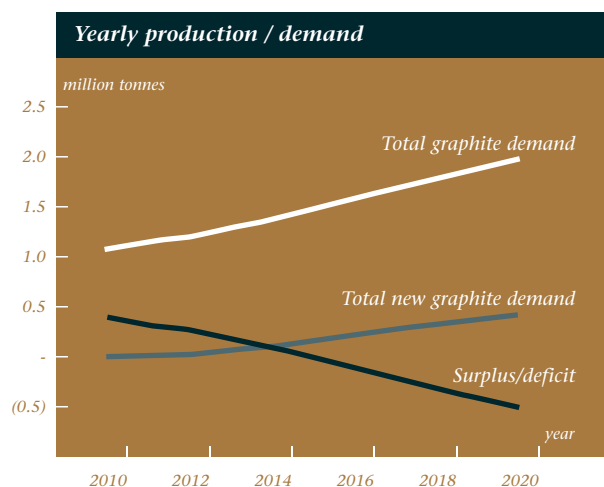
graphite (or 25% of total current world production) is already dedicated to Lithium-ion batteries. Exponential growth is predicted for electric cars as the world's economies drive towards green power initiatives. The automotive industry projects that by 2025, 400,000 tonnes of flake graphite (100% of today's world production) would be required to manufacture spherical graphite for Lithium-ion batteries/fuel cells.

In the medium and long-term the Lithium-ion market is facing graphite shortfall which is exacerbated by the lack of graphite exploration and development over the last 20 years. This is being corrected.

Of significance is that China produces around 75% of the world's graphite which has strategic implications for the long-term, stable sources of supply to the Western World.



*In 2011, China was the world's leading producer, sourcing 70% of world demand.*



*This graph illustrates the potential graphite shortfall which is exacerbated by the lack of graphite exploration and development over the last 20 years.*

## Archer's Graphite Projects

The principal area of focus is the Cleve upland which is located on the Eyre Peninsula, South Australia. Archer has two tenements (EL4861 Carappee Hill and EL4893 Cleve West) and has earned the right to 100% of all minerals other than uranium on EL4693 Wildhorse Plain. The tenement package covers 918km<sup>2</sup> of highly prospective ground with several known occurrences of graphite.

Prospective ground is considered to be of high metamorphic grade, where the rocks have experienced high temperatures and pressures due to burial and subsequent exposure. In the tenements these rocks are called gneiss and schist. It is these rocks that are prospective for the flake graphite which attracts the highest premium.

Within the tenements, an exploration target has been announced for the Sugarloaf Project, as well as regional occurrences identified through literature searches of historic work.



Campoona Shaft core samples from recent drilling

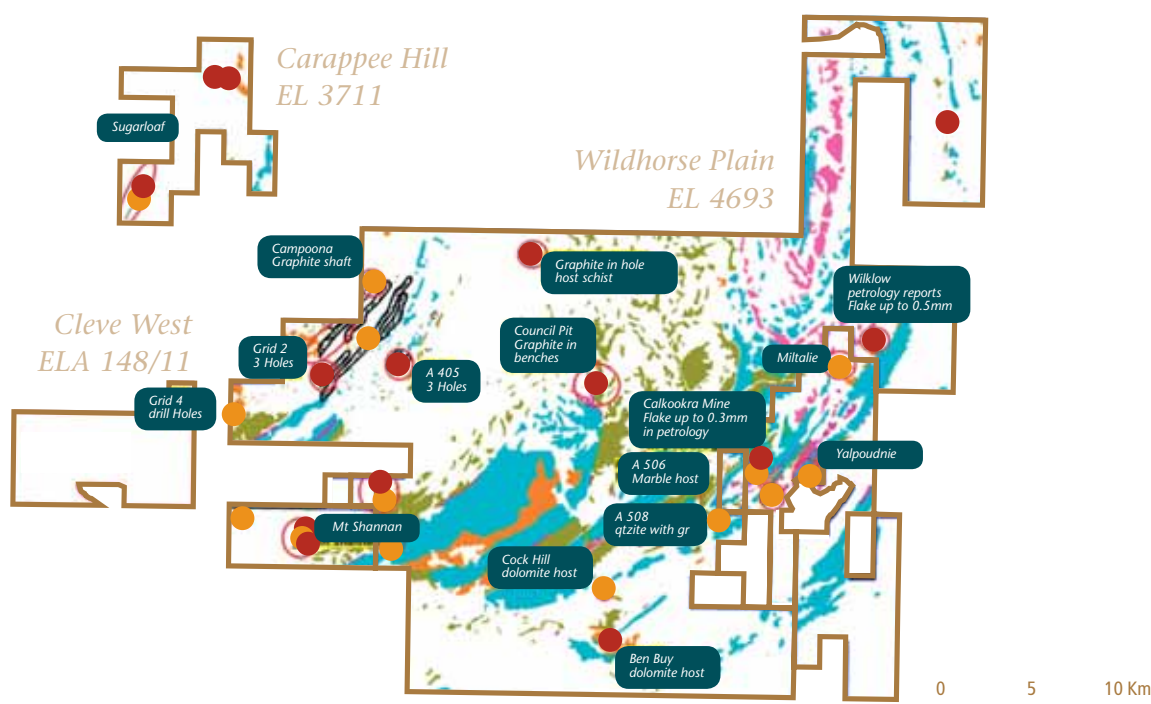


Figure 1: Archer's graphite tenements



## Campoona

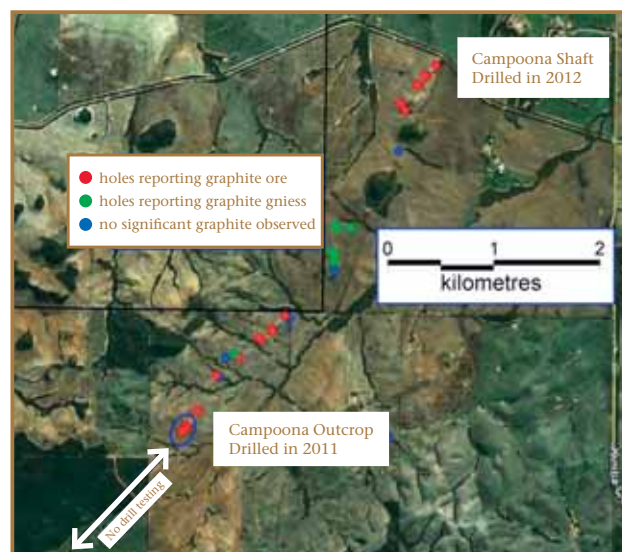
The Campoona graphite deposit is located approximately 12km north of the township of Cleve on Eyre Peninsula, South Australia (fig 2).

Drilling thus far has consisted of thirty RC and RC aircore drill holes aggregating 1,528 drill metres. The drilling was concentrated in two main areas around the northern portion of the deposit immediately south of the Campoona Shaft and north of the Campoona South outcrop. Most holes intersected significant graphite which occurs either as an intense graphitic schist unit or as graphitic proto-gneiss.

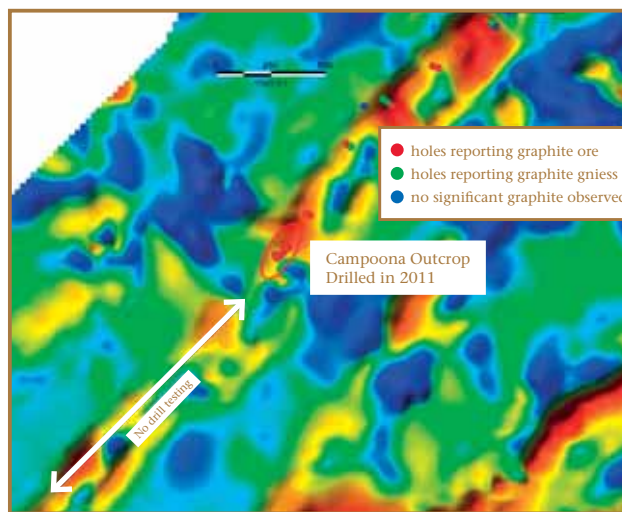
Figure 3 shows the relationship between the drill holes and the EM signature. Figure 3 clearly shows that the southern end of Campoona has potential to host graphite but remains to be drill tested by the Company. Equally the Campoona Shaft is open along strike to the north.



*Campoona drill sump showing graphite*



*Figure 2: Location of March – April 2012 drilling at Campoona*



*Figure 3: Holes drilled north of the out crop over an EM signature*



*Campoona drilling in March 2012*

## Campoona Shaft

*Drill results for the Campoona Shaft area included (Total Graphitic Carbon abbreviated as TGC):*

CSRC12_006	21m @ 15.0%TGC from 46m downhole	CSRC12_015	3m @ 10.6%TGC from 0m downhole and 2m @ 11.6%TGC from 12m
CSRC12_007	25m @ 10.9%TGC from 64m including 14m @ 15.5%TGC from 71m	CSRC12_016	11m @ 10.8%TGC from 62m downhole
CSRC12_008	38m @ 8.6%TGC from 0m including 22m @ 10.3%TGC from 8m	CSRC12_041	64m @ 11.8%TGC from 54m downhole including 27m @ 18.5%TGC from 60m
CSRC12_009	67m @ 10.1%TGC from 0m including 25m @ 13.2%TGC from 0m	CSRC12_042	46m @ 9.3%TGC from 29m downhole including 20m @ 13.3%TGC from 31m
CSRC12_010	48m @ 12.5%TGC from 24m including 20m @ 16.5%TGC from 46m	CSRC12_048	56m @ 10.6%TGC from 11mm downhole including 28m @ 17.1%TGC from 18m
CSRC12_011	3m @ 6.2%TGC from 0m downhole and 6m @ 8.0%TGC from 6m	CSRC12_050	32m @ 9.3%TGC from 30m downhole including 18m @ 12.8%TGC from 33m, and 11m @ 8.3%TGC from 70m
CSRC12_012	23m @ 11.4%TGC from 0m including 16m @ 12.9%TGC from 1m, and 4m @ 10.4%TGC from 28m	CSRC12_053	47m @ 6.7%TGC from 32m downhole including 14m @ 10.6%TGC from 61m
CSRC12_013	24m @ 10.0%TGC from 21m including 10m @ 12.5%TGC from 25m, and 4m @ 11.8%TGC from 50m	CSRC12_061	29m @ 9.7%TGC from 0m downhole including 11m @ 12.2%TGC from 1m, and 26m @ 6.3%TGC from 75m including 9m @ 9.4%TGC from 76m
CSRC12_014	15m @ 10.2%TGC from 75m downhole including 8m @ 11.7%TGC from 79m		

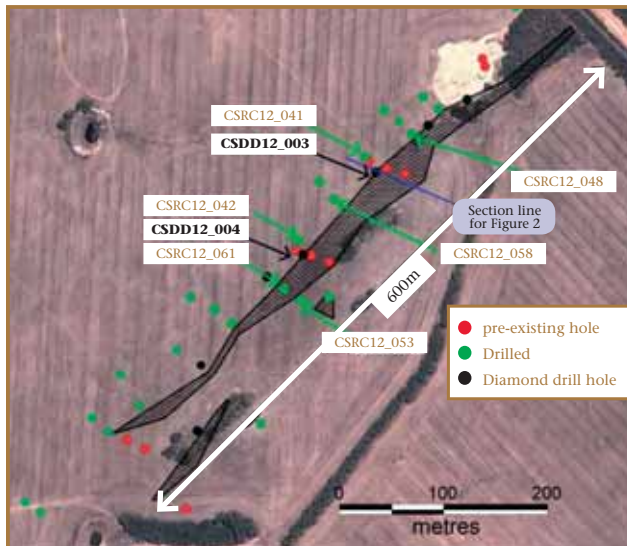


Figure 4: Campoona Shaft interpreted graphite horizons.

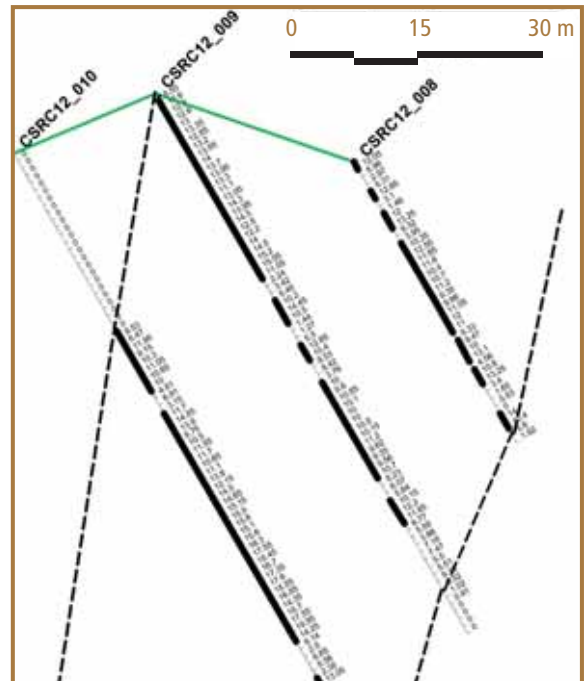


Figure 5: Cross Section showing thick high grade graphite 100m south of the Campoona Shaft. Intervals greater than 10%C are highlighted with black bar.



*Campoona Central**Drilling at Campoona Central included:*

CSRC12_019	11m @ 14.9%TGC from 0m downhole
CSRC12_020	8m @ 9.0%TGC from 25m, and 11m @ 16.7%TGC from 38m
CSRC12_023	17m @ 12.2%TGC from 39m including 4m @ 17.7%TGC from 44m
CSRC12_028	25m @ 9.3%TGC from 6m including 10m @ 14.8%TGC from 8m

*Emerging high tech uses for graphite are being constantly identified.*

Campoona Central, from the Campoona outcrop runs continuously for at least 1,400m to the north and is open along strike to the south.

The drilling highlighted:

- The high grade intersections carry visible flake graphite. Previous petrology records average graphite size of between 150-200 microns (large flake is >177 micron).
- The discrete intense graphitic schist is hosted within graphitic proto-gneiss formed under conditions important for the development of crystalline graphite.
- There appears to be little to no silicification of the graphite in both the Campoona Shaft area and the Central Campoona area. The absence of silicification is considered important for the liberation of graphite during comminution and flotation extraction.
- The drilling recorded significant widths of high grade graphite indicating that the unit thickens to a maximum true width of 40m.
- The variation in thickness of the graphitic schist indicates that the unit 'pinches and swells' along strike.
- The graphite unit outcrops, dips sub-vertically and extends continuously to a vertical depth of at least 80m.
- The thick graphitic unit extends north of the Campoona Shaft.
- The drilling and EM data indicate a strike potential in excess of 6km.

*Petrology*

Petrology for the graphite samples drilled early in 2012 has been received and indicates the presence of a flake component at both the Campoona Shaft (CSRC12\_006 and CSRC12\_007) and Central Campoona (CSRC12\_003 and CSRC12\_004).

Drill Hole	Depth	Flake length Range (microns)	Average Length (microns)	TGC (%)
CSRC12_003	53-54	30- <b>500</b>	<b>200</b>	20.40
CSRC12_004	11-12	30- <b>200</b>	100	0.82
CSRC12_006	49-50	30- <b>250</b>	120	16.00
CSRC12_006	52-53	30- <b>300</b>	<b>185</b>	15.90
CSRC12_007	28-29	30- <b>200</b>	100	0.15
CSRC12_007	72-73	30- <b>300</b>	120	16.90
CSRC12_007	84-85	30- <b>350</b>	<b>180</b>	13.40

*Campoona can provide high quality graphite concentrates across the main graphite sizes and it is expected that even higher purity products could be produced with further refinement of the liberation and flotation processes.*

Table 1 Petrology Summary



Plate 1. CSRC12-007 (84-85m) : Campoona Shaft - Photomicrograph showing homogeneous evenly distributed graphite. Graphite varies from 30 – 350 microns and visually estimated to average 180 micron in length.



Plate 2. CSRC12-003 (53-54m): Central Campoona - Moderately concentrated and moderately coarse graphite. Graphite varies from 30 – 500 microns and visually estimated to average 200 microns in length.

### Metallurgy Tests

Two composite RC samples were submitted for detailed metallurgical evaluation. CSRC12-003 head assay was 16.2%TGC and 97% passing 2mm sizing. CSRC12-006 head assay was 15.5%TGC and also 97% passing 2mm sizing.

The first process was to determine if high quality amorphous graphite could be recovered. Using conventional flotation methods the following results were achieved:

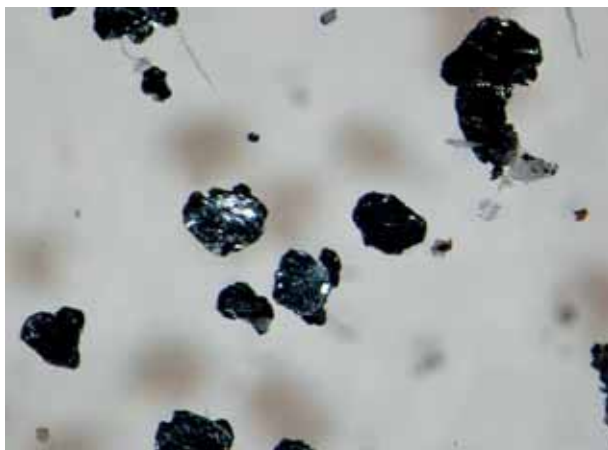
- CSRC12\_003 : 92%TGC Concentrate & 98% recovery.
- CSRC12\_006 : 93%TGC Concentrate & 92% recovery.

Most amorphous graphite is sourced from metamorphosed coal where the presence of fine ash makes it difficult and costly to achieve grades above 85%TGC. Campoona can provide very high quality amorphous graphite and it is possible with further refinement of the liberation and flotation process, that market premium concentrates could be produced. Acid washing of the amorphous products delivered 97%TGC concentrates.

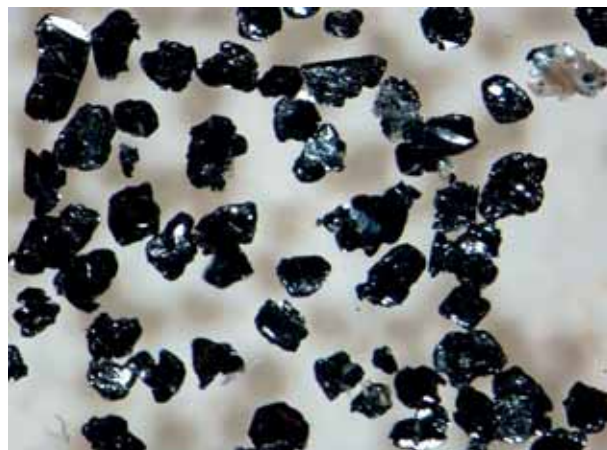
The samples as received already had 80% passing 220 micron thus making it potentially unsuitable for the recovery of flake graphite. Despite the limitations of the sample, flake graphite was recoverable with acid washing delivering medium flake concentrates grading 95%TGC and fine flake concentrates grading 96%TGC.



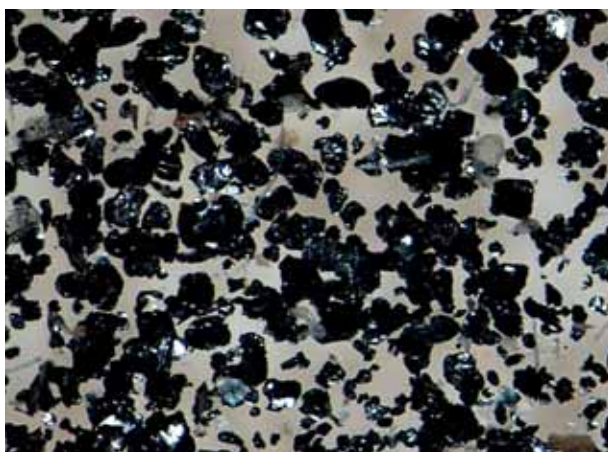




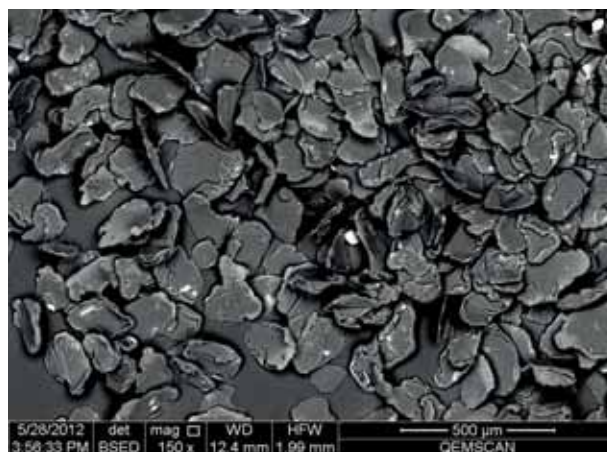
*Plate 3: CSRC12\_003 +212 microns fraction showing large flake*



*Plate 4: CSRC12\_003 +150 microns fraction showing medium flake*



*Plate 5: CSRC12\_003 +106 microns fraction showing fine flake*



*Plate 6: QEMSCAN image of flake graphite*

These are considered to be extremely promising results, particularly given that the only samples available for testing were RC chips which are far from ideal for flake recovery. The fine nature of the samples were challenging for any real attempts at recovering large flake graphite as the as received samples were already 80% passing 212 microns and any flake present would have undergone

serious damage to its structure during the sample recovery process in the field.

The focus is now on obtaining large weight trench samples and diamond drill samples that will enable preservation of flake prior to liberation and recovery phases.



## Campoona Exploration Target

### Exploration Target – Tonnage\*

Drilling results at Campoona Shaft from the drilling campaigns confirmed that the graphitic-rich body consists of a discrete intense graphitic shear zone hosted in low grade graphitic proto-gneiss (high grade metamorphosed sediments). The high grade graphite unit averaged 10-40m in true width with the hangingwall section particularly high grade averaging over 15% graphitic carbon and carrying visible flake. The drilling showed the graphite to extend to a vertical depth of at least 100m and there were no signs of thinning at depth. Drilling results are limited to a strike length of 600 metres however the deposit remains open along strike to the north. No density measurements have been conducted at this time but given the composition of the unit it is reasonable to ascribe a density of 2.2gm/cc.

The lower bound exploration potential assuming a strike length of 600m, an average width of 25m, a down-dip extent of 100m is estimated at 3Mt.

The upper bound exploration target assumed a strike of 600m (despite the deposit being open to the north) and a vertical extent to the deposit of 150m is estimated at 5Mt.

Central Campoona has the same overall geology however the intense graphitic unit is narrower averaging 10m in true width. Drilling results are limited to a strike length of 1,400 metres however the deposit remains open along strike to the south. The lower bound exploration potential assuming a strike length of 1,400m an average width of 10m, a down-dip extent of 100m and a specific gravity of 2.2gm/cc is estimated at 3Mt. The upper bound exploration target assumed a strike of 1,400m (despite the deposit being open to the south) and a vertical extent to the deposit of 150m is estimated at 5Mt.

### Exploration Target – Grade\*

At Campoona Shaft the arithmetic average of the graphitic schist in the 10 holes completed to date (sample size  $n=267$ ;  $\bar{x}$  11.0%TGC) is 10-12%TGC. A lower grade cut-off of 5%TGC was used.

At Central Campoona the arithmetic average of the graphitic schist in the 6 holes completed to date (sample size  $n=72$ ;  $\bar{x}$  12.4%TGC) is 11-13%TGC. A lower grade cut-off of 5%TGC was used.

The depth of oxidation at both areas is approximately 80m vertically below surface corresponding with the current water table.

### 2013 Campoona Exploration Plan

The first priority for 2013 is to RC and diamond drill Campoona Shaft JORC Measured Resource. It is anticipated that a JORC Measured Resource will require an eventual drill pattern of 50m x 20m. Drilling commenced in May 2012 and continue until the drill pattern is achieved.

Archer will contract a Resource Consultant to estimate the JORC Resource.

As part of the drilling some 900m of HQ and or HQ3 diamond drilling will be completed to provide 'as mined' samples for definitive metallurgical test work. It is anticipated that the sumps for some of the diamond drill holes will be excavated in outcropping graphite in order to provide additional 'as mined' samples for testing.

The metallurgical tests for the sump samples and diamond drill samples will include petrology, liberation, flotation and product classification. The aim is to complete the Campoona process flowsheet that optimises the revenue and marketability of Campoona graphite.

Archer will engage a consultant to undertake baseline environmental studies to support a future MARP. This work should commence in September 2012.

*In addition to drilling at Campoona Shaft, drilling to at least a 100m x 20m spacing will be completed at Central Campoona to support the estimation of a JORC Indicated Resource by April 2013. This drilling is scheduled to commence in January 2013 following the 2012 harvest.*



\* The potential quantities and grades presented are conceptual in nature, there has been insufficient exploration to define an overall Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



## Sugarloaf Deposit

In 2008 graphite was reported by Archer in the regional drilling of EL 3711. A number of drill intervals were assayed to identify economic intervals of graphite. Values of up to 20% total carbon were identified.

Following this, in 2010 the flake graphite was identified through petrology of a sample taken at the crest of a historical graphite shaft. Detailed petrology of this sample has revealed the presence of fine, medium and coarse flake sized graphite. The presence of flake graphite greatly increases both the marketability and price of graphite. This initial work has identified an average of 100 micron sized flakes, with a range from 20 - 200 microns in length. Most flakes are independently arranged in the matrix. Some graphite flakes are arranged in 'booklets' up to 50 microns in width.

Whilst the Sugarloaf graphite is at a relatively early stage in terms of exploration, graphite characterization and metallurgical extraction, the deposit could develop rapidly into a significant project.

### **Geology and Exploration Summary**

Graphite was historically mined from two shafts at Sugarloaf, which is located on EL 3711 on Eyre Peninsula. Government reports state mining ceased before 1915.

In 2008, Archer intersected a number of highly graphitic intervals during drilling. A number of these intervals were assayed to identify potentially economic intervals of graphite. Values of up to 20% total carbon were identified.

The Carappee Hill area had been explored previously by both Helix and Goldstream for gold. An evaluation of their drilling identified that 23 of the 41 drill holes drilled to identify shallow gold had in fact intersected significant widths of graphitic schist. None of these holes were assayed for total carbon, although the presence of carbon was noted to interfere with the gold reporting.

Samples of graphite from the shafts were sent to Pontifex and Associates in Adelaide for detailed petrological work to determine the potential flake size of graphite from thin section. This work identified the carbon present in the samples to be graphite with an average grain size of 100 microns, with flakes ranging from 20 - 200 microns in length. Most flakes were independently arranged in the matrix. Some graphite flakes were arranged in 'booklets' up to 50 microns in width (Plate 7).

### **Exploration Target\***

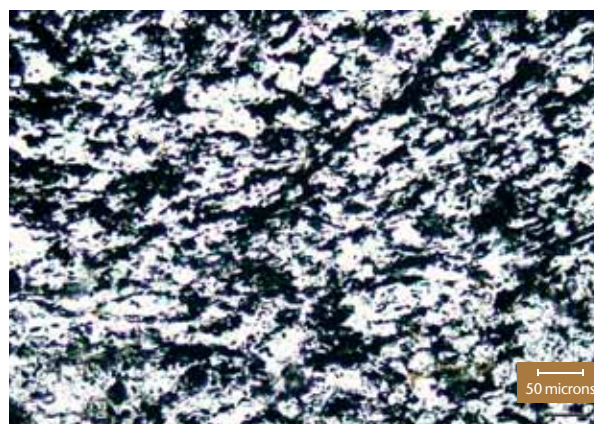
Archer initially reported wide intersections of graphitic schist at Sugarloaf. Drilling in April 2011 supported an

exploration target of highly graphitic schist of 24-37Mt\* at 10-12%C for the western graphite horizon.

Due to the paucity of assay results Archer was reluctant to ascribe a grade range for the graphitic schist. The April 2011 drilling when combined with the 4 holes assayed in 2009 was considered sufficient in terms of assayed intervals to enable an indicative estimate of grade for the exploration target of 10.9% Total Carbon (sample size n=319). The expected grade bounds for the graphite were estimated at between 10-12% Total Carbon.



*One of the historic mine shafts at the Sugarloaf deposit.*



*Plate 7: Photomicrograph of thin section of graphite rock under ordinary transmitted light showing mode of occurrence and flake size of schistose black-opaque graphite within (muscovite) quartz-rich metasilstone.*

\* The potential quantities and grades presented are conceptual in nature, there has been insufficient exploration to define an overall Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



Drilling in February 2012 intersected widespread graphite in what is termed the eastern graphite horizon representing the eastern limb of a broad anticline. Based on this drilling the exploration target has been revised to 40-70Mt\* at 10-12%C.

A graphite concentrate grade of 82%TGC has been achieved using conventional flotation techniques and standard reagents.

Three RC holes were drilled (SLRC12\_001, 002 and 003) on the eastern side of the Sugarloaf Hill to confirm the presence of an eastern graphite limb to the Sugarloaf anticline as indicated by historic holes drilled for gold and EM data (refer to Figure 9 below) and two historic shafts.

The drilling confirmed that the Sugarloaf graphite deposit occurs in a broad open anticline. All three holes intersected graphite schist.

#### Metallurgical Tests

An amorphous graphite product of 82% Total Graphitic Carbon has been achieved from a composite sample from RC drill hole SLRC 11\_004 using conventional flotation techniques and standard reagents. The Total Graphitic Carbon content rose to 85% following an acid digest. The sample head grade was 10%C.

#### 2013 Sugarloaf Exploration Plan

Trenching and diamond drilling will be undertaken in the vicinity of the historic shafts where it is reported that up to 15% flake graphite was recovered. The trenching and diamond drilling will provide samples for more definitive metallurgical test work.

A nominal 400m sub-section of Sugarloaf will be drilled on 200m x 40m drill spacing using RC hammer drilling to support a JORC Inferred Resource of some 5Mt.



View from the Sugarloaf deposit



Figure 7: Location of all Archer holes drilled at Sugarloaf.

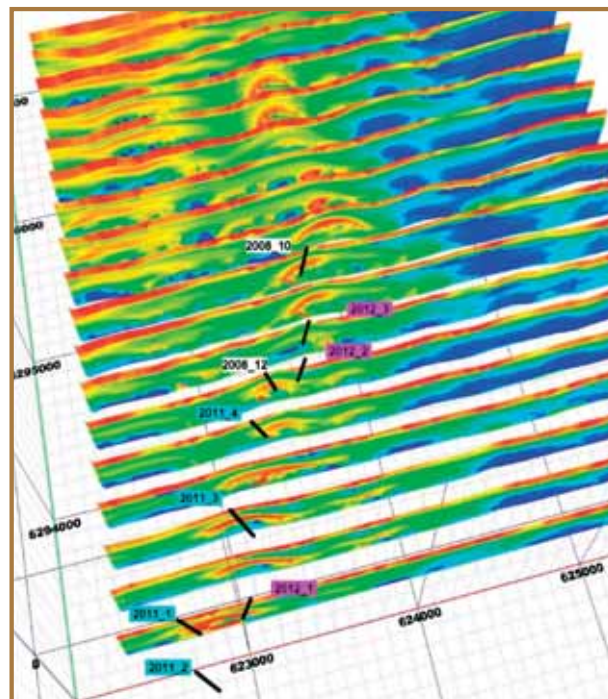


Figure 8: Stacked EM sections showing graphite horizon at Sugarloaf (NB EM data has component of vertical exaggeration to show fold)

\* The potential quantities and grades presented are conceptual in nature, there has been insufficient exploration to define an overall Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

## Wildhorse Plain Graphite Prospects

The Eyre Peninsula has long been explored for its uranium and base metal potential. Many companies including Kerr McGee, Esso, BHP and Shell explored the area and reported graphitic rocks. Historic electro-magnetic surveys identified numerous conductors which when drilled recorded graphitic rocks. Graphite was targeted as it was considered a favourable host for Alligator River style uranium mineralisation.

Literature searches and ground inspections for EL4693 Wildhorse Plains has identified a number of highly prospective graphite occurrences including the identification of coarse flake graphite at Campoona, Campoona South, A405, Wilklow and Calkookra. At Ben Buy graphite to 0.1mm (US 140 mesh) is recorded. In addition abundant graphite is recorded at High Bluff (Grid 2), Mt Shannan and Cock Hill.

Archer through a farm-in agreement has earned the rights to 100% of the minerals other than uranium on EL4693.

### Coarse Flake Graphite Occurrences EL4693 Wildhorse Plains

#### Council Pit

The Council pit is a disused historic borrow pit.

The graphite content was reported between 15-20%. The overall size of graphite ranges from 2 - 50 microns (width) x 1000m (length) with the average estimated by Pontifex of 20 x 300 microns. The range in length to 1,000 microns is classified in the graphite market as Super Large graphite. The graphite occurs within 'schistose micro-gneiss, with thin intricately intercalated schistose layers of quartz-feldspar-graphite also scattered amphiboles'.

Plates 8 and 9 are photomicrographs of the graphite within the rocks.

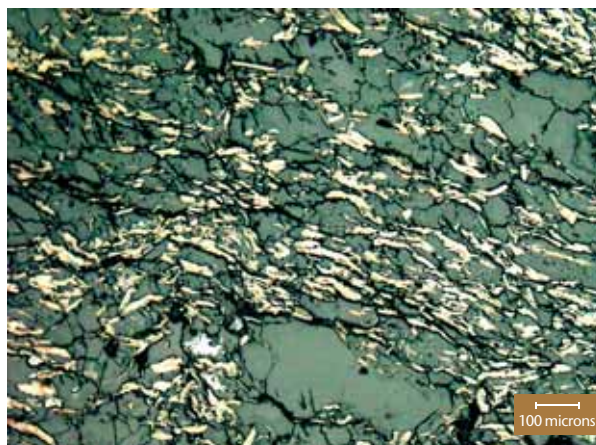


Plate 8. Reflected light photograph, graphite is light yellowish brown, scale is 100 microns.

#### A405

Graphite was reported in drill holes as a part of uranium exploration in 1968 by Kerr McGee. These drill holes were sampled by Archer and reported 16.5m @ 0.32g/t Au and 7.43 g/t Ag (September 2010 quarterly).

- Hole A405/2 graphite flakes were reported from 32 to 56 metres, within altered dolomites.
- Hole A405/3 medium crystalline graphite was reported over a few metres.
- Hole A405/3A common graphite flakes were reported from 28 to 41m downhole.
- Hole A 405/3B trace graphite flake from 41 to 52m (EOH)

Archer will recover samples from the hole to examine the quality of the graphitic material.

#### Wilklow

Graphite was reported during exploration for uranium. Historically a sample of graphitic schist was taken from the surface that 'yielded 4.25% of flake graphite which assayed 39.25% carbon.' It was believed at the time (pre 1952) that grinding to minus 200 mesh (74 microns) would not generate an economic product.

Two holes were drilled in 1952, both intersected graphite within clay-rich weathered quartzite, the only comment was recovery was poor and graphite appeared fine.

One hole was drilled in 1991 to test a IP/resistivity anomaly intersected high grade metamorphic rocks with graphite. The IP anomaly was attributed to the graphite.

One sample submitted for petrology at the time (1990) contained graphite, it was reported 'moderate amounts of graphite forming well developed flakes up to 0.5mm in length.'

The metamorphic grade of these rocks is conducive to graphite flake development.



Plate 9. Reflected light photograph, graphite is white to light yellowish, scale is 50 microns.



### Calkookra

Campoona was a historic underground copper mine. In 1968 regional exploration for uranium identified graphite in an exploration drill hole. Although no qualitative work was performed on the graphite, the metamorphic grade of the surrounding rocks (mylonite and amphibolite) provides encouragement for coarse flake development.

A copper enriched sample was submitted for petrology in 1983, it was reported as having 5% graphite with flakes of approximately 0.3mm in length.

### Medium Flake Graphite Occurrence on EL4693 Wildhorse Plains

#### Ben Buy

In 1980 graphitic schists were identified within altered dolomite units during exploration for uranium. IP surveys were able to trace out the graphitic units.

One petrology sample was collected by PIRSA from a trench in 1991 and recorded graphite flakes in the range 0.05 to 0.1mm.

### Other Graphite Occurrences on EL4693 Wildhorse Plains

In addition to the coarse and medium graphite recorded above, three other graphite bodies have been identified at Wildhorse Plains. The grain size of these deposits is yet to be determined.

#### High Bluff (Grid 2)

High Bluff was tested for base metal mineralisation by ESSO with 3 + 150m holes spaced at 200m apart. Graphitic schist was reported in all holes. The holes lie on the southerly extent of one of the Campoona EM conductors.

Drill hole logs report:

- Hole G2P-10 to 147m Biotite quartz, muscovite, feldspar, garnet schist/micro gneiss with varying graphite, pyrite and magnetite as accessories.
- Hole G2P-20 to 161m Biotite quartz, muscovite, feldspar graphite schist, intruded by pegmatites.
- Hole G2P-30 to 150m Biotite quartz schist with varying feldspar, garnet graphite, chlorite and pyrite, with minor pegmatites.

No petrological or qualitative work was performed on the graphite occurring in the drill holes. Within the drill logs high grade metamorphic minerals such as sillimanite and cordierite as well as zone of migmatite provide encouragement for graphitic flake development.

### Mt Shannan

This area comprises a number of historical drill intersections as well as rock chip sampling of graphitic schists associated with the Mt Shannan Iron Formation. Outcrops were identified during historical exploration for gold, base metals and uranium.

Archer will attempt to recover any historical core available from PIRSA with the intention of performing petrology to identify the graphite quality.

### 2013 Regional Graphite Exploration Plan

Exploration thus far has identified a number of graphite prospects such as Wilklow (0.5mm flake), Campoona Shaft (0.3mm flake) and Grid 2 on Wildhorse Plain (fig 9).

These areas and potentially others may be able to produce highly sought after and valuable large flake graphite. A second round of RC drilling will target the most prospective of the graphite occurrences.

An airborne EM survey is planned to be flown early in FY2013. This survey should highlight other graphite targets. Each potential deposit will be geologically mapped and sampled to identify the nature of the graphite. The evaluation will be coupled with RC drilling to assist ranking the deposits in terms of graphite grade and likely product size.

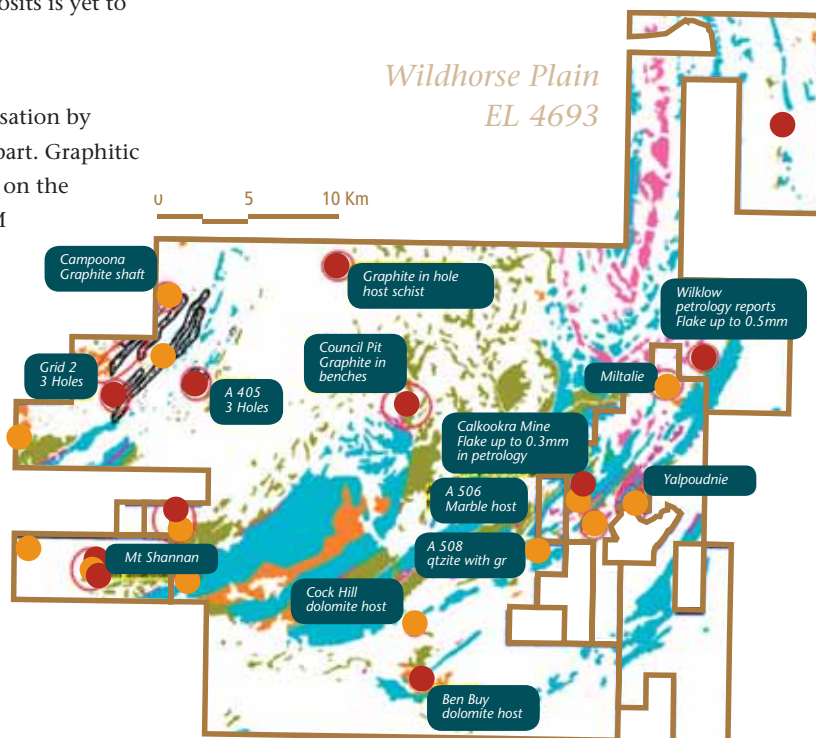


Figure 9: Significant number of coarse graphite occurrences occur on Wildhorse Plain (See page 14 for legend).

\* The potential quantities and grades presented are conceptual in nature, there has been insufficient exploration to define an overall Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.





Throughout the 1990s and early 2000s, Magnesium Developments Limited ('MDL') and associated companies spent many millions of dollars in exploration and study costs to support a bankable feasibility study aimed at establishing a 50,000tpa magnesium metal plant based on extensive magnesite deposits at Leigh Creek. The plan was not realised for a variety of factors key being falling magnesium metals prices due to Chinese dumping cheap 'Pigeon Process' magnesium onto the market and high capital and operating costs. MDL elected to relinquish its exploration licences but retained ownership over the small Myrtle Springs magnesite mine.

During 2011 Archer through its wholly owned subsidiary, Leigh Creek Magnesite Pty Ltd, identified that the ground formerly owned by MDL had become available for mining and immediately applied for and was eventually granted two exploration licences (EL4567 Termination Hill and EL4729 Witchelina) over the southern portion of MDL's magnesite deposits.

Archer's philosophy in applying for the tenements was threefold:

- 1) The deposits were known to be World Class both in terms of tonnage and grade having JORC Measured, Indicated and Inferred Resources of 413Mt grading 41.3% MgO.
- 2) The belief that a project based on the production of Caustic Calcined Magnesia ('CCM') or Dead-burned Magnesia ('DBM'), which would negate the high capital

costs commanded by a magnesium metal plant, might present a very long-term profitable business case.

- 3) Previous exploration was sufficient to support the estimation of JORC Measured, Indicated and Inferred Resources and in the case of Mt Hutton JORC Reserves as well as other attendant studies needed to support a Mining Lease Application. In essence much of the work needed to develop an operation had already been completed albeit the information was somewhat dated and would require updating.

It is rare that a Company is able to acquire such potentially significant resources for the price equivalent to the application costs for two Exploration Licences.

Archer's Leigh Creek magnesite deposits have several significant comparative advantages:

- The adage 'grade is king' remains as true today as ever before. Grade can overcome a myriad of obstacles and provide the operator with the financial cushion needed to ride out periodic price cycles. Archer's Leigh Creek magnesite resources, with an average grade of 41.3% MgO, has grade on its side.
- A large magnesia operation by world standards would be an operation producing 150,000tpa of CCM. Such an operation would require around 315,000tpa of magnesite feed. With JORC resources of 413Mt it is not difficult to realise that the Leigh Creek magnesite resources represent an 'almost inexhaustible' source of high grade magnesia.
- The Mt Hutton deposit lies within 20km of the privately owned Leigh Creek to Port Augusta standard gauge rail line potentially providing an efficient supply chain. With a JORC Reserve of 7Mt, Mt Hutton alone could support a large magnesia operation (150,000tpa CCM) for over 20 years.



Project	Measured* (Mt)	Indicated* (Mt)	Inferred* (Mt)	Mgo <sup>1</sup>
Mt Hutton	18.3	42	53	42.90%
Mt Playfair	-	11	23	42.50%
Pug Hill	-	10	10	42.75%
Termination Hill	4	5	20	42.80%
Witchelina	23.7	94	99	40.00%
<b>Total</b>	<b>46.0</b>	<b>162</b>	<b>205</b>	

*Archer's Leigh Creek Magnesite Project is an advanced project. With a total of 413Mt JORC resource\*, the scale, grade and quality of the magnesite is world class.*

\*Source: Reproduced from MDL Report 'Economic Evaluation of the Pug Hill Magnesite Deposit, North Flinders Ranges, South Australia. 2001'. Note full BFS completed and JORC resources for 5 deposits and JORC reserve for Mt Hutton calculated. The independent resource estimates were completed by Mr. Colin Arthur (BSc, MSc, FGS, MAusIMM, CEng) Manager, Micromine Resource Centre, August 1999. The estimates were based on 69 fully cored DDHs and all other attendant studies required to support resource and reserve estimation.

<sup>1</sup> Pure magnesite is 47.8% MgO

Archer does not underestimate the barriers to entry that exist for new entrants into the extremely competitive magnesia 'industrial minerals' market. However, the Company believes that the comparatively modest expenditure needed to attempt to identify the optimum process flow sheet is well worth the risk. Archer is confident that, should this be achievable, considerable value would be unlocked through the ownership of such World Class magnesite resources. The Company acknowledges that having 100% ownership broadens the opportunity to consider partnerships to co-develop the project.

### Introduction

Archer's 100% owned Leigh Creek magnesite deposits located at Leigh Creek in South Australia form an advanced project with a JORC Measured, Indicated and Inferred resource of 413 million tonnes grading 41.3% MgO. The former owner completed comprehensive mining plans and environmental base line studies and other attendant studies needed to support a full feasibility study into the manufacture of magnesium metal.

The large outcropping deposits can be exploited with low cost open pit mining. There is existing standard gauge rail 20km to the southeast of the deposits that connects the Leigh Creek Coalfield to Port Augusta. Leigh Creek, a well established township lies 25 km from the deposits.

Development options for the advanced project include direct shipping the low impurity magnesite ore through one of the Spencer Gulf ports, utilizing local natural gas to produce caustic calcined magnesia or deadburn magnesia and with potential for magnesium metals production at later stage.

### Location

The magnesite deposits are located immediately northwest of the Leigh Creek Coal Mine 220km north of Port Augusta. (Fig 1)

Leigh Creek is a coal mining town with a population of approximately 700. The mine supplies approximately 2.5Mtpa of coal to the Port Augusta Power station 250km south by standard gauge rail. Leigh Creek is connected to Port Augusta by an all weather sealed bitumen road.

### Tenements

Archer through its 100% subsidiary Leigh Creek Magnesite Pty Ltd was granted Exploration Licence (EL) 4567 on 20th September 2010 for an initial period of 2 years. EL4567 has a total area of 540 km<sup>2</sup> and covers the Mt Hutton, Mt Playfair, Termination Hill and Pug Hill magnesite resources. On the 2 June 2010 Leigh Creek Magnesite made application for ELA 173/10 covering 452 km<sup>2</sup> and the Witchelina magnesite resource. This ELA was approved by the Government of South Australia on 5th December 2010

and was granted to Archer as Exploration Licence EL4729 on 2 May 2011.

### History

The first documented mining of magnesite in the Leigh Creek region was in 1919. Prior to 1984, F.H.Fauldings Co Ltd mined small quantities of magnesite for pharmaceutical and chemical use. In 1984-85 Commercial Minerals mined 30,000 tonnes for use in water filtration by Queensland Alumina Ltd. The weekly production grades were consistent and varied from 42.9% to 45.9% MgO and averaged 44.7% MgO; 2.4% CaO; 4.2% SiO<sub>2</sub>; 0.13% Al<sub>2</sub>O<sub>3</sub> and 0.16% Fe<sub>2</sub>O<sub>3</sub>.

In 1999 SAMAG Ltd announced plans to open a major magnesite mine at Mt Hutton northwest of Leigh Creek to supply a magnesium metal plant to be built at Port Pirie on Spencer Gulf (fig 1). SAMAG undertook a comprehensive independently audited study of the Leigh Creek magnesite deposits that included JORC Resources and Reserves, comprehensive mineralogical studies, chemical analyses and an Environmental Impact Study with a baseline-monitoring and environmental management plan (EMMP). SAMAG undertook beneficiation and mine planning studies and negotiated access agreements with traditional land owners and station owners.

The project was abandoned in 2003-04 when SAMAG failed to raise the necessary capital to develop the magnesium metal plant.



Figure 1: Leigh Creek Project Location

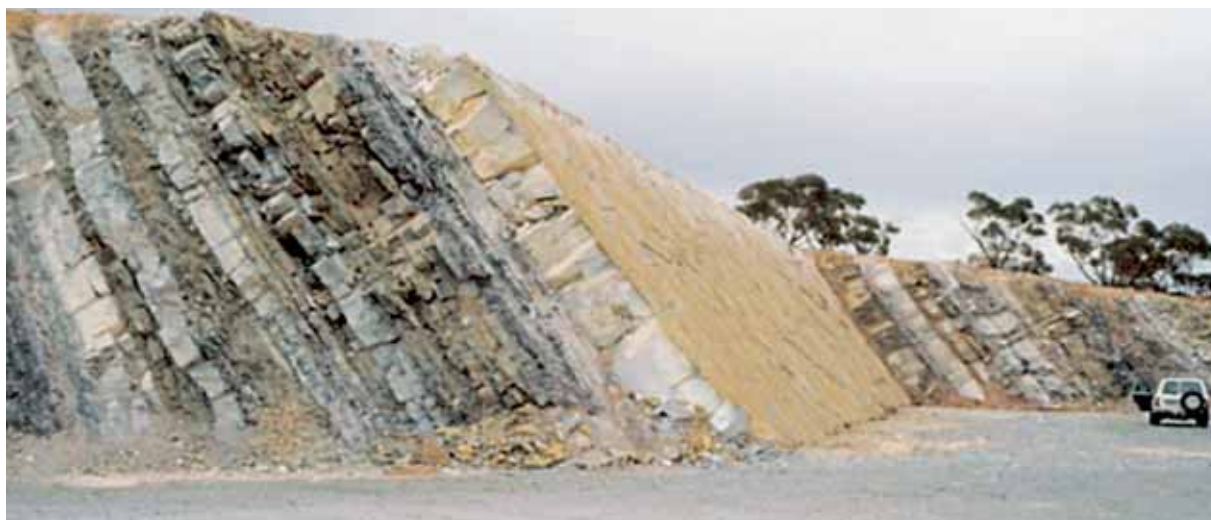


Figure 3: Interbedded magnesite (white) & dolomite at the nearby Myrtle Springs mine.

### Geology, Mineralogy and Trace Element Chemistry

Magnesite chemical sediments occur in the Neoproterozoic Skilloalee Dolomite and in the Leigh Creek region these interbeds are extensively developed over 120km extending NW from Leigh Creek. (Fig 2) Magnesite beds were formed by almost pure magnesite precipitation in ancient, shallow marginal marine lagoons and mud flats. The magnesite beds have been reworked in-part by storm and tidal activity to produce conglomerates with variable magnesite clast size (1-100mm) and minor and trace amounts of detrital silt and dolomite.

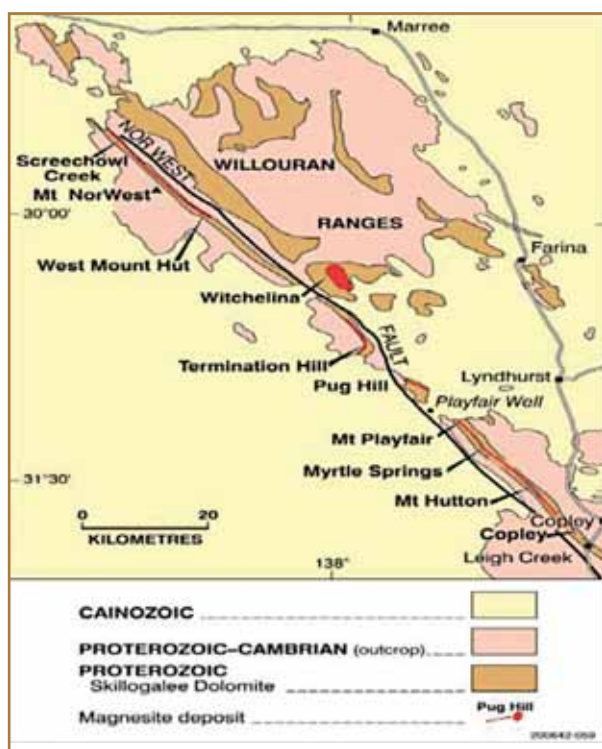


Figure 2: Geology Leigh Creek Magnesite Deposits. Archer's deposits are Mt Hutton, Mt Playfair, Pug Hill, Termination Hill and Wichelina.

Each magnesite bed has unique chemical and mineralogical characteristics making beds easily identifiable in outcrop or core over several kilometres. The repetitive magnesite beds up to 8m thick are interbedded with dolomite beds (fig 3).

The Mt Hutton deposit is typical of the Pug Hill, Termination Hill and Mt Playfair Deposits. It is structurally simple with a continuous, moderately dipping sequence of magnesite and dolomite interbeds over 24.5km of strike. A total of 86 magnesite beds were intersected during evaluation of Mt Hutton. 76 of these beds are continuous over the entire length of the deposit with 10 being lensoidal.

An average of 1.2m of alluvium covers the Mt Hutton Deposit, but much of the deposit is outcropping (Fig 4). Minor weathering of magnesite on joints and cracks can be distinguished to a maximum depth of 20 vertical metres.

Semi-quantitative mineralogical investigations of Mt Hutton magnesite beds produced the following mineral distribution: 80% - 90% magnesite; 5% - 10% dolomite; 3% - 7% talc; 1% - 3% albite; trace detrital quartz. Samples of core from the Leigh Creek Deposits were examined petrographically by Pontifex and Associates and with SEM and XRD analysis by CSIRO.



Figure 4: Outcropping Magnesite Mt Hutton.





Figure 5: Hand specimen of Magnesite.

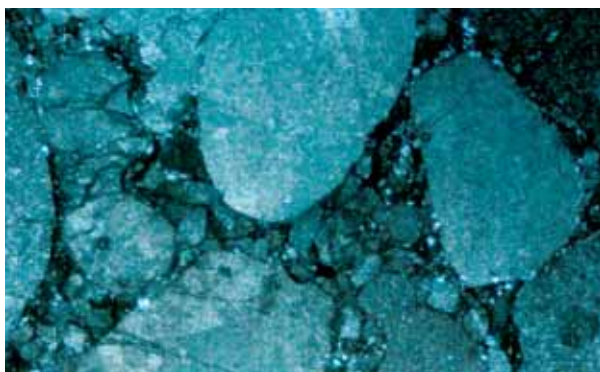


Figure 6: Microscopic image rounded magnesite in matrix of fine talc and dolomite.

Cryptocrystalline magnesite clasts are set in a microcrystalline dolomite and talc matrix. The metamorphic talc commonly forms an ultrafine halo around magnesite clasts. (Figs 5 & 6)

An indication of the magnesite trace element chemistry can be gauged from the analysis of a sample systematically collected from a 100 tonne bulk sample at Mt Hutton and reported in 2001 (Table 1). The low level of contaminants reflects the chemical sedimentary nature of these deposits.

### Mineral Resources

In 1998 and 1999 SAMAG carried out 8,093m of diamond drilling at Pug Hill, Termination Hill, Mt Playfair, Witchelina and Mt Hutton, where 61 holes were completed.

All drill holes were fully cored with NQ2 double tube barrels and all drill core was orientated. Holes were surveyed with an Eastman single shot camera at 15m, 50m and end of hole. Core was assayed at AMDEL laboratories in Adelaide, South Australia, a NATA registered laboratory.

In August 1999, Colin Arthur of the Mineral Resource Centre, undertook an independent resource estimate of the Leigh Creek Magnesite Deposits. Magnesite beds from drill traverses and outcrop were geologically interpreted and digitised. An inverse-distance method was used to estimate tonnes and grade into 10m north by 0.5m east and 1.0m RL tabular blocks for Measured category blocks and a simple volumetric estimate for Indicated and Inferred resources. A minimum magnesite bed mining width of 0.5m was used. (Table 2)

Element Unit	MgO %	CaO %	Fe %	Mn %	Al %	Si %
Detection Limit	0.01	0.01	0.01	0.005	0.005	0.005
Total Digest	41.7	3.2	0.2	0	0.2	3.9

Element Unit	Sr ppm	B ppm	S ppm	Ag ppm	As ppm	Bi ppm	Cd ppm	Co ppm
Detection Limit	20	5	20	0.01	0.5	1	5	1
Total Digest	72	141	0.01	0	1.1	0	0	0

Element Unit	Cr ppm	Cu ppm	Mo ppm	Ni ppm	Pb ppm	Sb ppm	V ppm	Zn ppm
Detection Limit	1	2	1	1	1	5	5	1
Total Digest	2.6	1	0	1.1	0.8	0	7.2	4.1

Table 1. 100t Bulk sample Mt Hutton Chemistry.

Table 2: SAMAG 1999  
JORC Resource Estimate

In 1999 consultant John Goulevitch carried out a due diligence on the resource estimates and reported on the quality control, sample preparation and assay procedures. Australian Mining Consultants audited the resource estimate in November 2000.

SAMAG selected the Mt Hutton Resource for detailed mine planning study as it offered high grade magnesium and a short road haul (20 km) to the Telford rail siding. The planned mine site is in a broad flat area, dipping at 1% from north to south with little vegetation between two northwest trending ridges. (Fig 7)

The MINARCO pit design contained 7.1m tonnes of 23.7% Mg; 2.1% Ca; 106ppm B; 443ppm Al; 82 ppm Mn; 1,842ppm Fe and 11% insoluble (mostly talc and silica). The pit contained 10.9m bcm of waste.



### Beneficiation

A series of laboratory-scale calcining tests were carried out to establish the magnesia products that could be obtained by calcining at differing temperatures.

The calcining tests to 1000°C produced magnesia with a grade ranging between 90-94% MgO; 4.5% SiO<sub>2</sub>; 0.3% Al<sub>2</sub>O<sub>3</sub>; 0.6% CaO and 0.4% Fe<sub>2</sub>O<sub>3</sub>. The results indicate that flotation may be necessary prior to calcining to reduce the talc and hence SiO<sub>2</sub> levels.

During 2012 an expert consultant metallurgist was contracted to design and oversee the second stage of test work on the deposits. This test work including flotation was tendered and AMDEL appointed to run the test work.

Several flotation tests were conducted to test a variety of grind sizes and flotation chemicals (frothers and collectors). The combination of crushing, tumble abrasion and flotation produced magnesite (pre-calcining) grading >46% MgO and 2.0% SiO<sub>2</sub>. Calcining of magnesite flotation concentrate produced magnesia grading 95.4% MgO and 2.98% SiO<sub>2</sub>.

Further metallurgical tests were commissioned using staged rolls crushing via high pressure grinding rolls (HPGRs) at decreasing gap size from 10mm to 4mm, 2mm and 1mm and near closed to determine whether removal of talc could be achieved effectively through progressive crushing thus obviating the need for flotation. Samples of magnesite from Mt Hutton were crushed using staged rolls crushing. Calcining of the rolls crushed sample delivered high grade magnesia grading >95% MgO and ≈2.5% SiO<sub>2</sub>. The results demonstrate that high grade magnesia can be produced via a comparatively simple low-cost process.

### Logistics

Archer's Leigh Creek magnesite deposits lie just 20km northwest of the privately owner Leigh Creek to Port Augusta rail line. Archer discussed rail access with the rail owner. The discussions indicated that access is possible and subject to reaching commercial agreement, is likely.

### Native Title and Environmental Studies

SAMAG signed a Mining Native Title Agreement with the Adnyamathnanha People in February 2001. This was achieved through many Work Area Clearance (WAC) surveys and lengthy negotiations.

An EMMP (Environmental Monitoring and Management Plan), which provides a framework for control, monitoring and management of potential environmental impacts from the operation and closure of the mine was implemented at Mt Hutton in 2001. A comprehensive baseline study of flora and fauna at Mt Hutton was completed.

Archer will re-initiate Native Title discussions with the Claimants covering of all of the Company's Leigh Creek magnesite resources.

### Conclusion

The Leigh Creek Magnesite Project is an advanced project. The scale, grade and quality of the magnesite is world class and the outcropping deposits can be exploited with low cost open pit mining. Their location close to rail and infrastructure has the potential to minimise mine capital expenditure.

Development options include direct shipping the low impurity magnesite ore through either Port Pirie or Port Adelaide or more practically to utilise local natural gas to produce caustic calcined magnesia or deadburn magnesia.

Archer is amenable to approaches from Industrial Minerals companies for joint development of its Leigh Creek magnesite deposits.



Figure 10: Archer's magnesite from drilling results

*The scale, grade and quality of the magnesite is world class and the outcropping deposits can be exploited with low cost open pit mining.*





## Gold

During 2012 low level exploration advanced the Bartel gold prospect within EL4693 Wildhorse Plain.

### **Bartel Epithermal Gold Prospect** Wildhorse Plain

The immediate Bartel area was seen by early explorers as a likely uranium target. Kerr McGee completed diamond drilling on what they designated as the A405 target but did not report the presence of uranium. Archer re-sampled the available drill core and in October 2010 reported anomalous gold. The most significant results from the sampling of 6 Kerr McGee diamond holes were:

- A405/2 16.5m @ 0.32 g/t Au; 7.43 g/t Ag; 146ppm Mo
- A405/3A 5.8m @ 0.48 g/t Au; 2.93 g/t Ag

Hole A405\_2 reported an average of 16.5m @ 0.32g/t Au, 7g/t Ag and 146 ppm Mo from 32m down hole. The mineralised intervals appear as quartz filled voids, with fluorite and hydraulic breccias, indicating a probable epithermal-style deposit.

Additionally hole A405\_3A located some 200m NE of hole A405\_2 (figure 1), reported an intercept of 5.8m @ 0.48 g/t Au and 2.93 g/t Ag from 31.4m down-hole.

The re-assaying was the first time that anomalous gold had been identified in the Cleve district. Intense alteration is dominated by silica, fluorite, clay, iron and minor sulphide. Colloform banded quartz veining has also been observed.

### **February 2012 Drill Campaign**

Three RC drill holes (EPIRC12\_001 to 003) were drilled for 304 metres in what is now termed the Bartel prospect to further test the previous gold anomalism. The three holes were drilled to intersect the EW trending mineralisation which has resulted from the strong alteration of a dolomite host unit.

- EPIRC12\_001 intersected a dolomitic unit that has undergone stylolitic quartz and manganese veining with minor brecciation. The significant gold intervals occur within a chlorite rich shear zone.
- EPIRC12\_002 intersected silica and manganese altered dolomite, with minor fluorite. This hole appears to have intersected host rock alteration only.
- EPIRC12\_003 intersected a highly weathered quartz kaolin unit which showed similar alteration to hole 001. No significant gold assays were received for this hole but the alteration is noteworthy due to elevated REE's, (ie Ce up to 3900ppm; Nd 1800ppm).

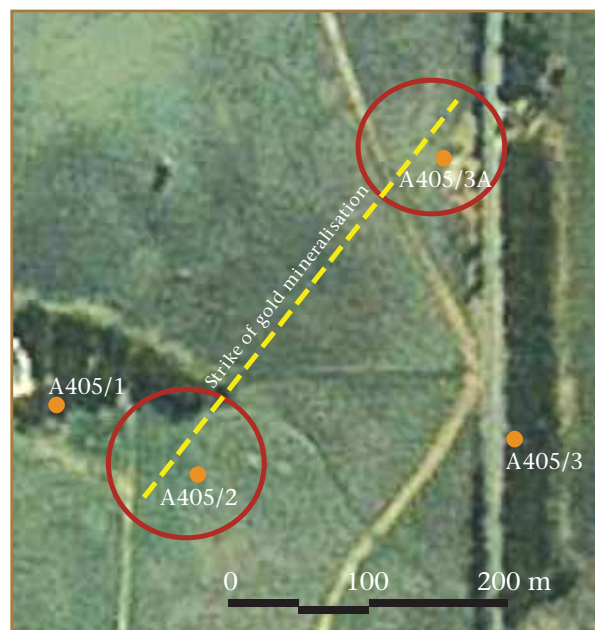


Figure 1: Location of historical holes sampled for gold, EL 4693.



Plate 1. Fluorite in outcrop near EPIRC12\_002



Plate 2. Alteration of host rocks near to hole EPIRC12\_003

- EPIRC12\_001 intersected a dolomitic unit that has undergone stylolitic quartz and manganese veining with minor brecciation. The significant gold intervals occur within a chlorite rich shear zone.
- EPIRC12\_002 intersected silica and manganese altered dolomite, with minor fluorite. This hole appears to have intersected host rock alteration only.
- EPIRC12\_003 intersected a highly weathered quartz kaolin unit which showed similar alteration to hole 001. No significant gold assays were received for this hole but the alteration is noteworthy due to elevated REE's, (ie Ce up to 3900ppm; Nd 1800ppm).



Hole ID	From	to	Interval	Au g/t	Ag g/t	Co ppm	Mo ppm	As ppm
EPIRC12_001	79	107	29	.057	4	560	95	1200
Including	84	85	1	2.15	6	1090	160	2760

Table 1: Gold intercepts at Bartel

### Significance of Anomalous Gold

The widespread alteration geochemistry suggests the Bartel prospect to be a low sulphidation hydrothermal (epithermal) alteration system. The area of known alteration is very large being at least 1.5km x 1.2km in dimensions and is seen to extend under cover.

Low sulphidation epithermal alteration systems often record strong vertical mineral zonation and can host bonanza grade gold veins. In such systems gold is often

concentrated through a combination of ground preparation (permeability) and rheological contrast.

Follow up work will include mapping and sampling the system across the neighbouring properties, as well as the implementation of a geophysical survey to assist in the delineation of the system. Further drilling will be planned to determine if vertical mineral zonation is present and to test for gold mineralisation peripheral to the existing intercepts and at depth.



Plate 3: Drilling of EPIRC12\_001

*The area of known alteration is very large being at least 1.5km x 1.2km in dimensions and is seen to extend under cover.*



## Napoleons Hat

EL 4668 was granted to Archer on 21<sup>st</sup> February 2011 for a period of 2 years. The EL covers the historic Wonna gold workings. No exploration was undertaken during 2012.

Napoleons Hat is located immediately north of Archer's North Burra (EL 4266) tenement which reported gold in rock chip samples in 2010 (figure 2).

Hydrothermal fluids carrying gold in solution require changes in either pressure or temperature or both to enable gold to precipitate out of solution. Structural flexures like the one that exists on Napoleons Hat are very large 'openings' and they may provide the important depositional environment needed to precipitate gold. The importance of the large flexure at Napoleons Hat is increased due to the fact that known favourable lithological units such as the Appila Tillite, the Watervale Sandstone and the Cox Sandstone occur in the flexure.

The extensive historic Wonna workings have been described as being alluvial gold deposits. Archer inspected several of the shafts and workings and it is clear that the gold mineralisation is not alluvial, but rather related to

sheeted quartz veining within competent sediments.

Gold in the district is reported to have a very high nugget variance making sampling for gold a 'hit-and-miss' proposition. It has been well documented that the surface gold is associated with iron which is a product of possible weathering of sulphides.

Archer's intention is to discover a primary source to the gold at depth, which will then validate the expense of understanding the surface nugget gold. Underground lodes in the district have been documented by government mine inspectors in the early 1900's as appearing to be associated with strong sulphide alteration and +1oz gold grades. At the time the miners could not extract the gold associated with sulphides and this form of mineralisation was not mined. It is these occurrences that Archer will be exploring for as they may represent high grade and even bonanza grade opportunities.

Exploration planned for 2013 will include geophysics to identify sulphide roots followed by drilling.

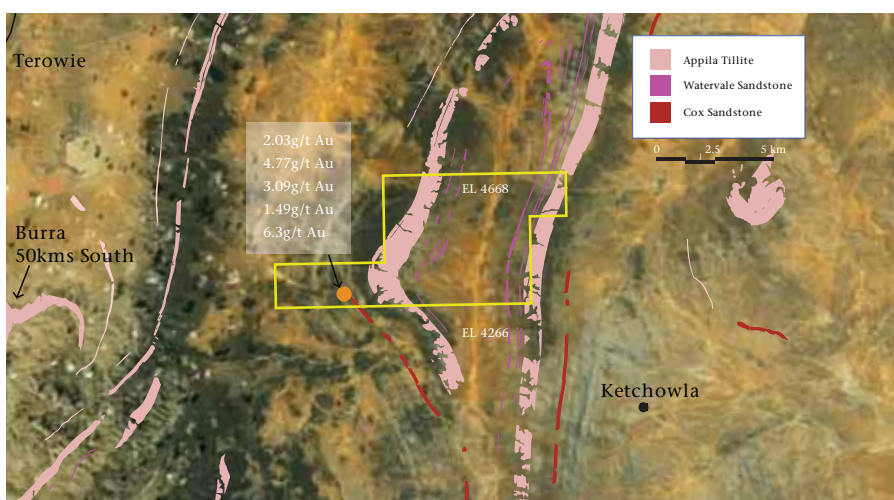


Figure 2: Location of Napoleons Hat, EL 4668 and significant gold results.

## Watervale Project

Sampling of quartz veins within the Watervale Sandstone identified gold with associated arsenopyrite, figure 3. Additional test work led to the conclusion that the occurrence is similar to other gold occurrences in the area in that it is nuggety. It is thought that electrical methods may be able to define highly charged deep responses thus assisting to better target potential gold lodes.

Drilling in the region has been noted as being very costly due to the broken nature of the weathered surficial rocks, which has often led to the abandonment of drill holes before targets are reached.

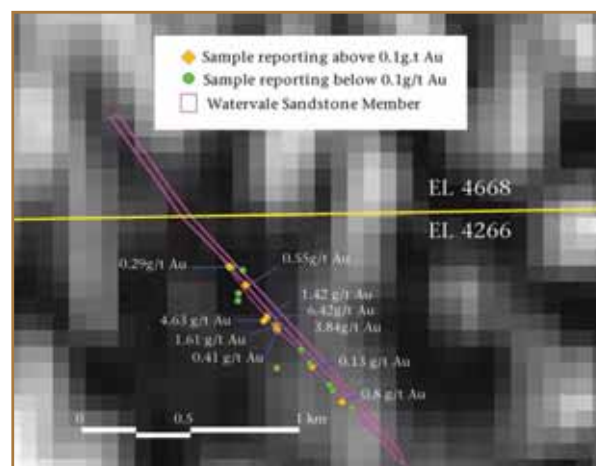


Figure 3: Wonna and Watervale gold prospects. NB the flexure between the Wonna and Watervale.



## Copper

**Copper occurs naturally in the Earth's crust in a variety of forms. It can be found in sulfide deposits (as chalcopyrite, bornite, chalcocite, covellite), in carbonate deposits (as azurite and malachite), in silicate deposits (as chrysocolla and diopside) and as pure 'native' copper.**

Copper is usually found in nature in association with sulfur. Pure copper metal is generally produced from a multistage process, beginning with the mining and concentrating of low-grade ores containing copper sulfide minerals, and followed by smelting and electrolytic refining to produce a pure copper cathode. An increasing share of copper is produced from acid leaching of oxidised ores.

Copper is one of the oldest metals ever used and has been one of the important materials in the development of civilization. Because of its properties, singularly or in combination, of high ductility, malleability, and thermal and electrical conductivity, and its resistance to corrosion, copper has become a major industrial metal, ranking third after iron and aluminum in terms of quantities consumed.

Electrical uses of copper, including power transmission and generation, building wiring, electrical and electronic products and telecommunications account for about 75% of total copper use. Building construction is the single largest market, followed by electronics and electronic products, transportation, industrial machinery, and consumer and general products. Copper byproducts from manufacturing and obsolete copper products are readily recycled and contribute significantly to supply.

Aluminum substitutes for copper in power cables, electrical equipment, automobile radiators, and cooling and refrigeration tube; titanium and steel are used in heat exchangers; optical fiber substitutes for copper in telecommunications applications; and plastics substitute for copper in water pipe, drain pipe, and plumbing fixtures. However the unique properties of copper mean that it remains the preferred metal in power transmission and generation, building wiring, telecommunication, and electrical and electronic products.

Copper is one of the most recycled of all metals and can be recycled over and over again without losing its special properties. Recycled copper (known as secondary copper) cannot be distinguished from primary copper.

With the onset of the global economic crisis, the London Metal Exchange Ltd. (LME) price, which had averaged \$3.65 per pound of copper during the first 9 months of 2008, fell sharply to an average of only \$1.45 per pound in December 2008. Prices have since trended upward as supplies remain tight and demand rebounded.

The global demand for copper continues to grow: world refined usage has surged by around 300% in the last 50 years due to expansion in industries such as electrical and electronic products, building construction, industrial machinery and equipment, transportation equipment, and consumer and general products.

The price of copper is volatile as demand and supply are not overly sensitive to price changes in the short run.

Archer has a large and varied copper prospect portfolio including IOCG targets, breccia hosted copper, lode copper, and structurally emplaced copper targets that present the Company with exciting exploration targets.



*Native copper*

*View at Robertstown*





## Worlds End (EL 4230)

EL 4230 was initially acquired from Peninsula Minerals for \$90,000 in late 2008, after they had unsuccessfully explored for uranium around the old Fairview phosphate workings.

Worlds End has two potentially significant copper targets; Robertstown and Mimic.

### Robertstown

At Robertstown cuprite ( $\text{Cu}_2\text{O}$ ) was identified in highly ferruginous gossan. Also of importance was the identification of marker unit NMS 9, which has been flagged by PIRSA as a critical marker unit for copper mineralisation at the Monster Mine at Burra. Whilst the copper anomaly at Robertstown is small, a buried copper deposit remains a possibility and needs to be tested given that the only surface expression of copper mineralisation at the famous Monster Mine at Burra was a 2 metre long iron-copper gossan.

### Mimic

The Mimic Prospect is centered on an untested, lithological and structural target that has compelling affinities with the Monster Mine which located 23km WNW of the Mimic target.

It was stated by Drexel (2009) 'the entire outcrop length of the  $\approx 150\text{m}$  thick Koorunga Member holds potential for copper mineralisation'. The Koorunga Member has been located in outcrop at Robertstown, which resides 14km south along strike of the proposed survey area.

The Mimic target is compelling due to the listed similar features to the Burra Monster Mine;

- Antiformal structure
- Presence of Koorunga Member
- Presence of cross cutting and oblique structures
- Elevated potassium at surface
- Presence of surface ferruginisation
- Presence of distal copper mineralisation with cuprite, south of target, similar to the Princess Royal mine.

On a district scale the folding of the Skillogalee Dolomite has resulted in the two hinges that occur on the tenement (Figure 2). The Northern hinge is considered to be a prime copper target and is interpreted to be a geological mirror-image of the Monster Mine at Burra having the same favourable lithology and the same fold hinge setting thought to have controlled and concentrated hydrothermal fluid flow and provided the right conditions for copper deposition. The southern hinge is also a very prospective target albeit having been modified by WNW faulting.



Figure 1: Location of EL 4230 and proposed future EM survey area.

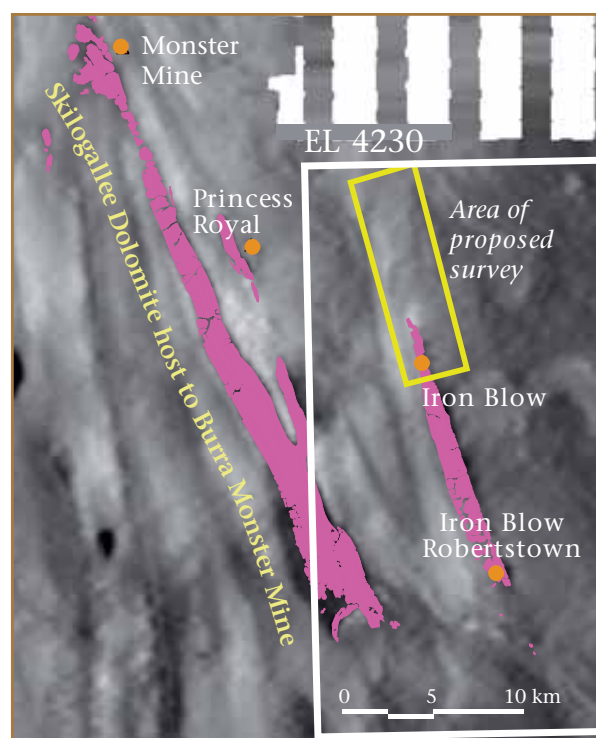


Figure 2: A background image of the total radiometric count highlights the underlying folds

Figure 4 below shows the regional setting of a proposed future EM survey as well as highlighting the potential mineralisation setting. Using the setting of the Monster Mine (MM) at Burra, it can be evinced that the MM resides between two north plunging synforms highlighted by the Tapley Hill Formation. The Kingston Fault, a NNW trending late stage fault, has been documented as a control for the copper mineralization. As noted by historical researchers and PIRSA publications it is the Koorunga Member within the Skillogalee Dolomite that is the desirable exploration target. The easterly limb of the Skillogalee Dolomite has been mapped within EL 4230 and is modeled as the western limb of a similar antiform to that which hosts the MM.

South of the proposed survey area at Robertstown, Archer has identified an outcrop of the Koorunga Member close to the Robertstown copper occurrence. A copper soil anomaly exists at this location and cuprite has been identified by

mineralogist Dr. David Tilley. The Robertstown copper anomaly supports and gives confidence to the proposed model. The model is further supported by the presence of a large iron blow within the survey area. It was noted in Drexel (2009) that 'near vertical ferruginous pipes and larger areas of ferruginisation, sometimes with coarse limonite pseudomorphs after pyrite, occur within and adjacent to the copper mineralisation'. The iron occurrence within the proposed survey area is believed to be one of these ferruginisation events.

Additionally the Robertstown copper occurrence is roughly the same distance from the proposed survey area as the Princess Royal mine is from the Monster Mine. This copper occurrence on EL 4230 adds support for the repetition of the copper mineralisation.

The geophysics of the area supports the structural model for mineralisation.

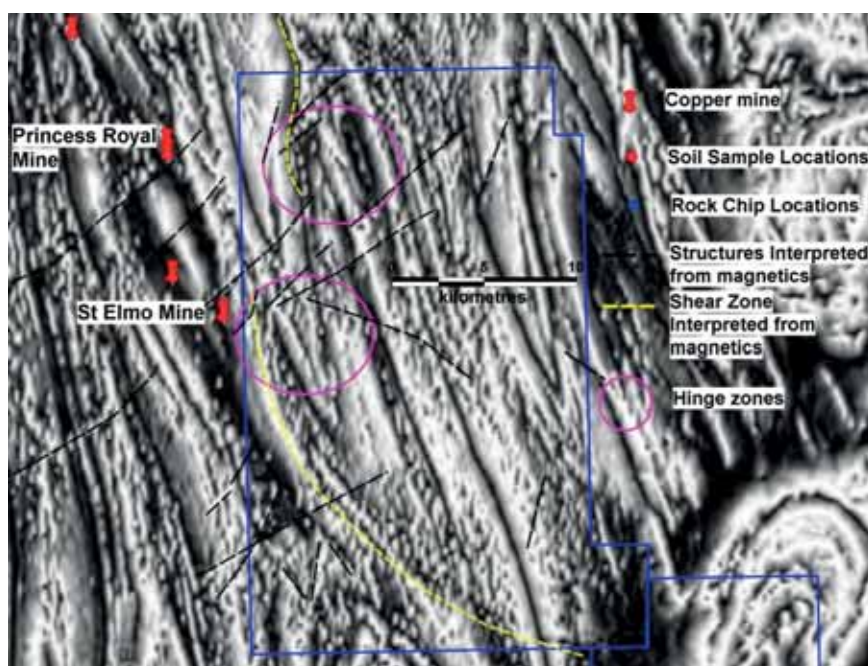


Figure 3: Magnetic image showing the Mimic faulted hinge copper target

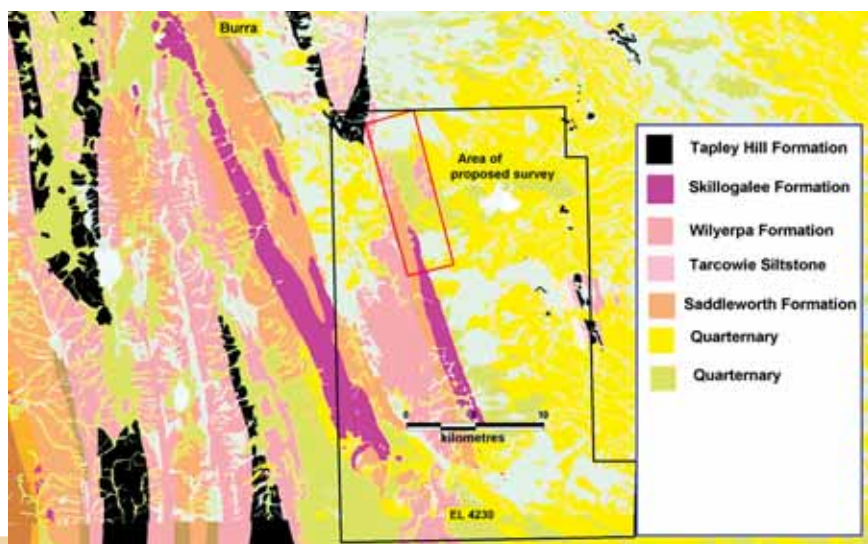


Figure 4: Regional geological setting of survey area with respect to the Monster Mine and its geological setting.



## Magnetics

Pre-existing magnetic data has been re-processed to allow interpretation. Figures 5 to 7 display the reprocessed magnetic data at sun angles of 45°, 90° and 135°. These orientations best highlight the cross cutting structures within the tenement. On all figures, the trace of an interpreted structure is drawn immediately north of the feature however not all features are traced as they would clutter the image. The NW structures within the proposed areas may be similar in timing to that of the Kingston Fault, thus they may have acted as a control on mineralisation.

The magnetics have identified a number of structures that cross cut the stratigraphy, all of which (depending on timing) could provide fluid pathways for copper ores. They do not appear to have caused horizontal displacement in the northern part of the tenement. The lack of displacement supports the copper model as displacement can cause remobilization of the copper. The mineralisation model for Burra is considered to be contemporaneous with deposition, Drexel (2009).

## Target style

Mineralisation being modeled is that of a deposit similar to that of the Burra, Monster Mine (MM) that had recorded production of 86,000 tonnes of copper taken from largely copper carbonate-rich ores. The MM is also known to have a copper sulphide association.

The 2012 Exploration program includes using an electrical geophysical method to determine the presence of conductors and to then targetted RC drilling.

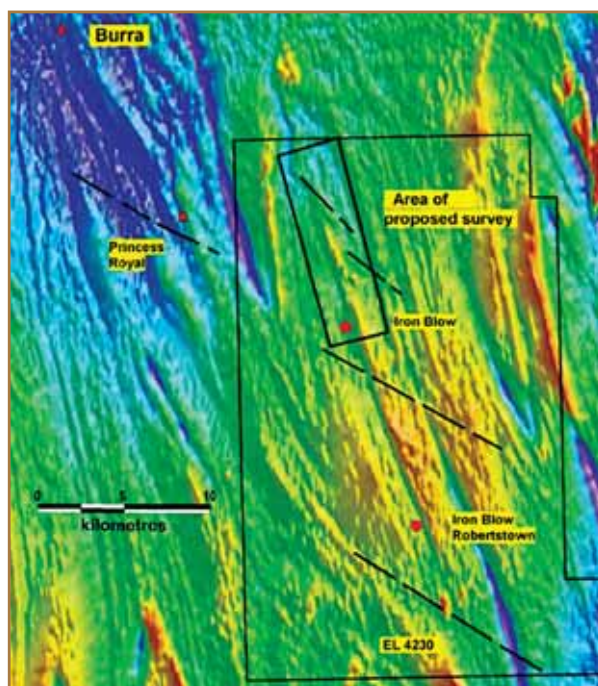


Figure 5: Magnetics with a sun angle of 45°, best highlight the 135° to 315° orientated structures.

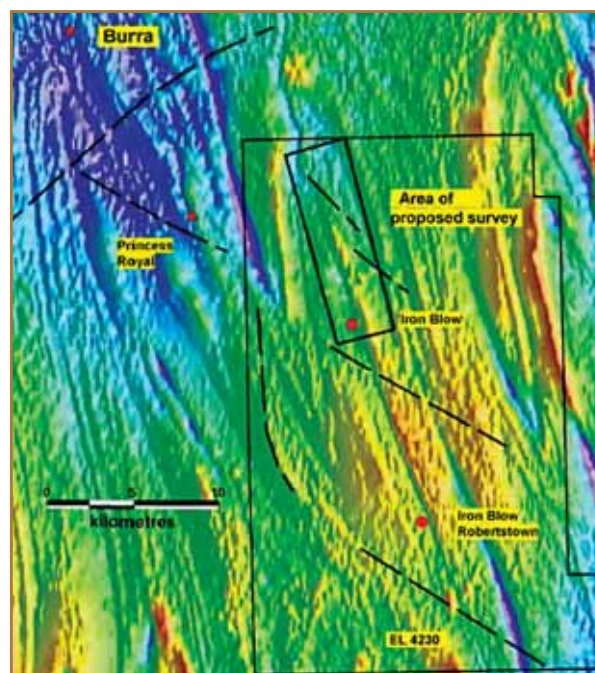


Figure 6: Magnetics with a sun angle of 90°, highlights most structures.

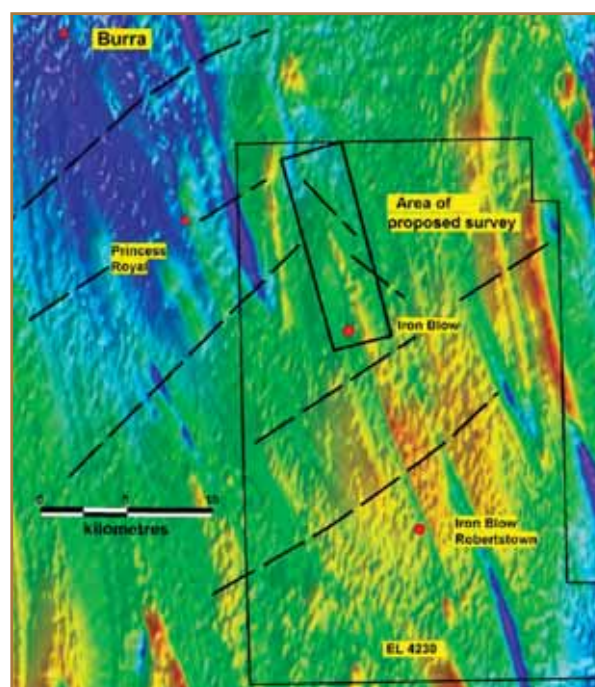


Figure 7: Magnetics with a sun angle of 135°, best highlight the 45° to 225° orientated structures.



## North Cowell (EL 4277)

The North Cowell tenement occurs in 2 parts (Figure 8). The tenement was applied for due to the proximity of the Polda Lineament (EW), the Kalinjala Shear (NNE) and the Eyre Peninsula Conductivity Anomaly (NS), all of which are deep crustal structures forming boundaries to the tenement areas. These structures may have acted as a focus for hydrothermal fluid flow – a precursor to the formation of mineral deposits. The tenement also contains numerous NNW structures which have been highlighted as significant controls on mineralizing fluids for the Eyre Peninsula.

The area has been explored for in the past for Broken Hill style mineralisation with limited success. The limited success may be attributable to the area undergoing considerable alteration due to the later stage intrusion of felsic rocks. The fluids associated with the intrusion could have remobilized base metal deposits into pre-existing structures. Rock chip assays of over 10% lead have been collected by Archer.

The possibility also exists for an IOCGU deposit, as the Hiltaba granite has been mapped by PIRSA 20km to the east of the tenement and appears to have the correct plumbing to connect the area. As a side note the area has been commented on before as containing vein style uranium, which could support this notion. All copper occurrences are carbonates (malachite and azurite) and have been reported to ‘pinch out’ at depth, which is expected to occur where fluids have exploited pre-existing structures. Any economic mineralisation for copper is expected to be greater than 100m below the surface and structurally controlled.

Work to date has been limited to reconnaissance rock chip sampling around areas of known mineralization. Samples with peak values of 151,000ppm (15.1% Cu) form a prominent ridge (figure 9).

Future exploration is likely to include a gravity survey and possible EM survey prior to drilling.

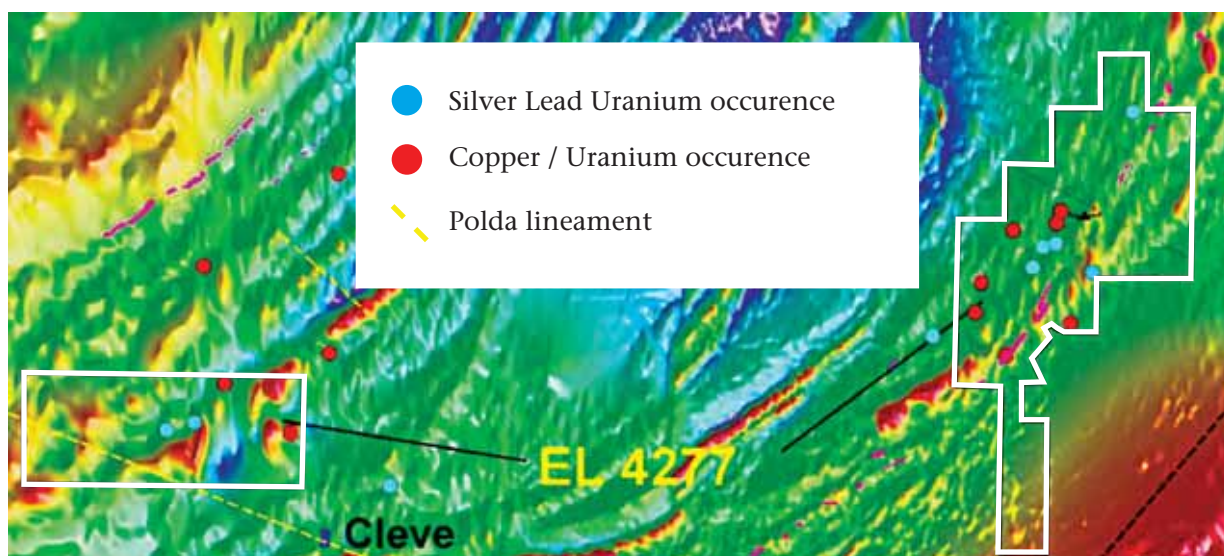


Figure 8: North Cowell tenement, showing historic workings and mines.



Figure 9: Copper (%) from rock chip sampling, note the offsets in the strike thought to be caused by NNW faults.

*Archer has a large and varied copper prospect portfolio including IOCG targets, breccia hosted copper, lode copper, and structurally emplaced copper targets ...*

## Emu Plain (EL 4693)

Emu Plain is located on EL4693 near Cleve on Eyre Peninsula, South Australia. The area hosts the historic Emu Plain copper mine that was first developed in the early 1900s and last re-developed in the 1950s. No production records have been located.

Early regional reconnaissance undertaken around the Emu Plain copper shaft identified iron oxide 'blebs' that were interpreted to represent oxidised expressions of an unknown primary sulphide. Petrological examination confirmed the oxide blebs were most likely highly weathered chalcopyrite.

In 2011 Archer conducted a three hole RC drill program to test in the vicinity of the historic shaft. The drilling intersected large intervals of mainly muscovite rich schists. In some intervals considerable oxidation of sulphides had occurred resulting in the development of minor hematite. In other intervals (as shallow as 20m below the surface) chalcopyrite was observed in trace to minor amounts.

Results included:

- 37m @ 0.13% Cu and 4.2g/t Ag from 0 to 37m in EPRC11\_001 (EOH)
- 60m @ 0.11% Cu and 1.0g/t Ag from 0 to 60m in EPRC11\_002
- 10m @ 0.50% Cu, 6.9g/t Ag and 600ppm Mo from 27 to 38m in EPRC11\_003 including 1m @ 2.18% Cu and 6g/t Ag from 29m.

The style of the alteration to the rocks and the low levels of copper suggests that the drill holes intersected form part of a much greater mineralisation system. The size and nature of the system is unknown at this time.

Hole EPRC11\_001 was collared 27m west of the Emu Plain shaft. The rocks intersected consisted of highly altered muscovite and silica schists. Where minor hematite was

observed the copper and molybdenum values increased from back ground values of 400ppm Cu and 70ppm Mo to 3950ppm Cu and 400ppm Mo.

Hole EPRC11\_002 was drilled at a steeper angle to the first (70 degrees) at the same azimuth, to intersect mineralisation at a greater depth. Biotite was the dominant mineralogy with variable muscovite content. At 50m the hole intersected loose mine backfill. The hole was terminated at 67m still in fill. Chalcopyrite was observed at 36m where the copper values report up to 0.2% Cu in a 4m composite sample.

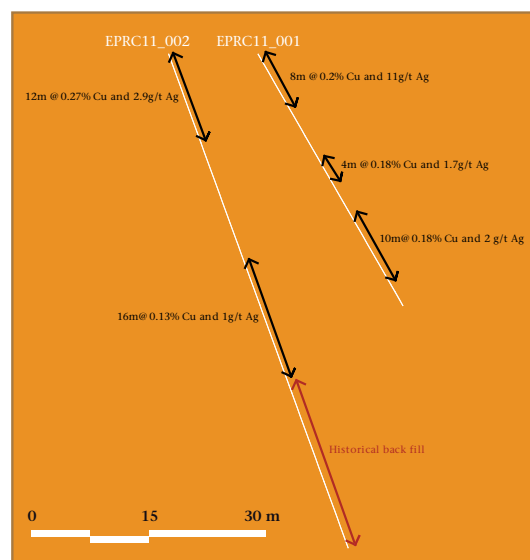


Figure 11: Cross section of holes EPRC11\_001 and 002, note blank intervals relate to composite intervals not yet assayed.



Figure 10: Polished section (PS), (x50). Gossanous/goethite box-work with a fine trellis texture interpreted to represent original chalcopyrite now completely oxidised and leached.

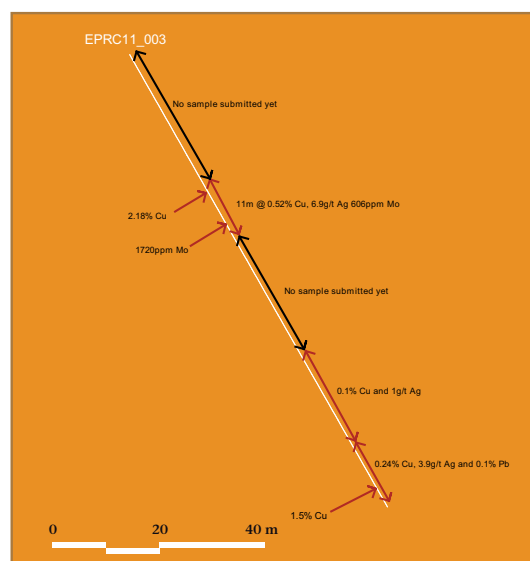


Figure 12: Cross section of EPRC11\_003, with anomalous copper and silver intervals.

Hole EPRC11\_003 was designed to miss the stope fill recorded in hole 2 and intersected dominant muscovite and biotite and accessory limonite, hematite and chalcopyrite. The interval 27 to 35m which was dominated by muscovite, limonite and chalcopyrite reported 8m @ 0.7% Cu, 7g/t Ag and 450ppm Mo. The highest grade in this interval was **1m @2.18% Cu from 29m**.

The interval 65 to 99m had muscovite and biotite changing as the dominant mineral with higher copper grades being associated with the muscovite dominant mineralogy. This interval recorded 34m @ 0.15% Cu, 2g/t Ag and 81ppm Mo. The highest grade in this interval was **1m @1.5% Cu from 93m**.

Whilst all three drill holes each intersected broad zones of highly anomalous copper mineralisation it is believed that the holes were drilled in the footwall of the main copper lode which is believed to have been at least 7m in width and grading several percent copper. The scale and intensity of alteration suggests that the drilling intersected part of a much larger alteration and mineralisation system.

Future exploration will consist of an IP electrical geophysical survey and to take further samples of the highly altered rocks to understand the nature and scale of the copper and silver mineralisation and to enable the formulation of a further drilling program.

## Spring Creek

Copper was historically mined on the Spring Creek tenement, at the Spring Creek mine until early in the 20th Century when water inflows caused the cessation of the mining operations. Similarly so, in surrounding areas such as the Melrose Mine the mining of copper ceased due to water inflows.

Copper mineralisation at Spring Creek occurs at the surface as oxides and carbonates, the products of weathering. Deeper sources (sulphide) have not been explored but it is logical to conclude that the definitive structural setting has sulphide roots.

The Spring Creek Copper Mine occurs within an east-west striking breccia. Copper mineralisation to the depths explored are dominated by copper carbonates, typically malachite. Copper carbonates exist on the surface above the mine and within the backs and walls of the un-worked sections of the drives. Two drives were mined down to a final level of 30m with approximately 20m between the drives. The overall width of the mineralisation appears to be approximately 10m wide at the surface and at least 120m in strike.

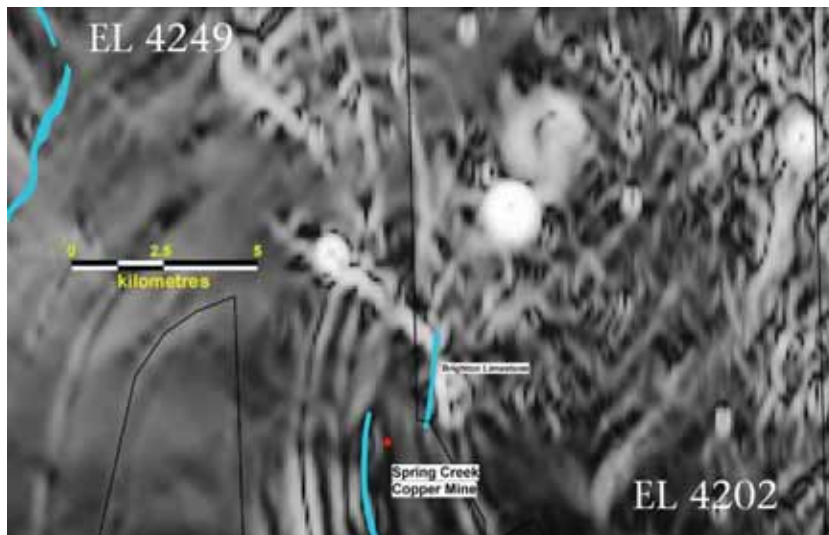


Figure 13: Magnetic image of Spring Creek area, note NNW structure north of Spring Creek Mine. Blue lines indicate location of Brighton limestone.

*Copper was historically mined on the Spring Creek tenement, at the Spring Creek mine until early in the 20th Century ...*





Figure 14: Aerial view of Spring Creek with location of historical drill holes.

Two targets present themselves:

- The breccia, its location is approximately 2.5km from a large regional fault. Insufficient work has been performed to determine the relationship of the fault to the sub-parallel breccia. The total vertical extent of the breccia is unknown and may be of considerable volume, figures 3 and 4.
- Alternatively, fluids associated with the breccia may have developed a skarn deposit at depth when exposed to the Brighton Limestone.

DDH 1/29, intersected copper carbonates some 60m below the base of historical workings returning an assay of 1.8% Cu over a 21m interval (Figure 15).

It is believed that DDH1/29 did not intersect the prospective Brighton Limestone contact which is highly prospective for high grade metasomatic skarn copper mineralisation.

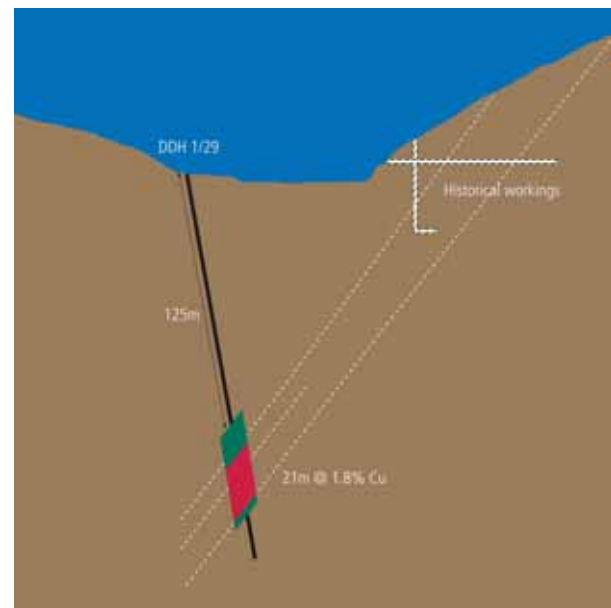


Figure 15: Cross section of drill hole DDH1/29.

*The overall width of the mineralisation appears to be approximately 10m wide at the surface and at least 120m in strike.*

## Nickel

**The Pindari magnetic anomaly was identified in the 1960's as a possible kimberlitic intrusion. 5 RAB holes were drilled by Shell in 1984. None of the holes penetrated through the wet weathered schist at the surface. Later in 1987, 2 diamond holes were drilled. It was determined at the time from petrology that neither hole intersected kimberlitic material. No further work was performed at the prospect.**

Archer recovered core from PIRSA in 2009 and submitted intervals for assay to understand the geochemistry of the material drilled. Petrological examination was also conducted on a number of intervals. It was discovered that primary nickel sulphides [violarite ( $\text{Fe}_2\text{Ni}_{23}\text{S}_4$ ) and pentlandite ( $\text{Fe,Ni}_9\text{S}_8$ )] and primary copper in the form

of chalcopyrite ( $\text{CuFeS}_2$ ) existed within the core as well as elevated nickel and chromium was reported in the weathered part of the core. Figure 1, below, shows the sulphides in thin section.

Early in 2010, Archer completed a bedrock geochemical drill program over part of the Pindari anomaly. This resulted in a circular anomaly mimicking the magnetic anomaly. Seven holes were drilled in 2010 to test for nickel mineralisation. As a part of this drill program, EM anomalies identified in 2009 were to be tested as well. No economic nickel mineralisation was intersected.

The southern EM signature is now thought to be due to the presence of graphite. The source of the central EM high remains unknown.

After the 2010 drilling, the EM data was reprocessed to determine the behaviour beyond 120m, figures 3 and 4 show depth slices at 85m and 195m respectively.

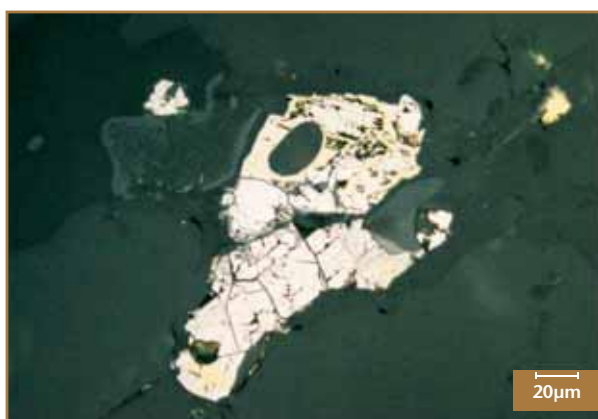


Figure 1: Small composite sulphide grains in peridot, mostly violarite  $\pm$  pale pentlandite with yellow chalcopyrite locally enclosing lamellar of low-temperature pyrite.

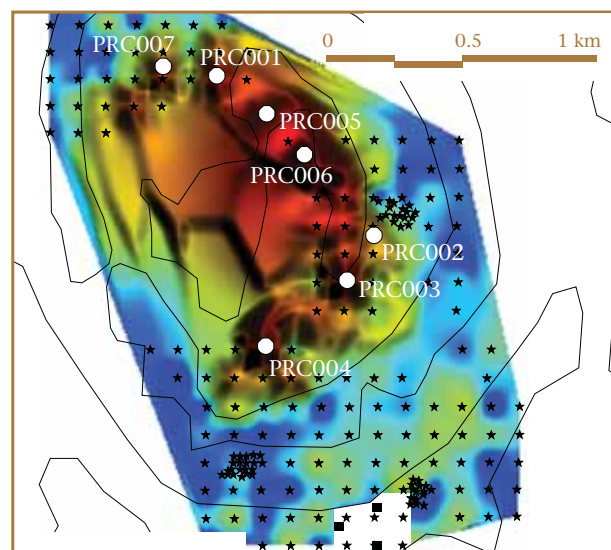


Figure 2: Ni anomaly defined from bedrock drilling campaign

*The nickel anomalism is believed to be a consequence of weathering of buried amphibolite rocks.*



From the assay results hole PRC001 was not deep enough (100m angled) to intersect mineralisation, however sulphide was intersected (81 to 98m) with weakly anomalous Cu. PRC002 failed to penetrate the porphyry (56m), however, elevated Ni (+100ppm) was reported at the end of the hole. PRC003 intersected carbonate rich mafics down to 40m, nickel was still reporting above 500ppm at the end of the hole with copper in excess of 100ppm. PRC004 was similar in that considerable carbonate has been eroded from the rock, the end of hole assays report above 1000ppm nickel. PRC005 intersected a pegmatite and ended at 43m, Ni values in excess of 200ppm were reported

at the end of the hole. Hole PRC006 still had considerable carbonate present as well as elevated Ni and Cu at the end of the hole (1130 ppm Ni and 167ppm Cu at 43m). PRC007 ended at 58m, did not penetrate a sulphide host, the hole is dominated by porphyry material which in all cases contains elevated REE's (Nb and Y).

The geological model is of a layered igneous complex intruded by later felsic rocks. The later stage felsic rocks would have disturbed any pre-existing sulphides and probably resulted in a disseminated Ni-Cu sulphide system. A deeper hole is required to drill test to the west of PRC007 as well as at the same location as PRC002.

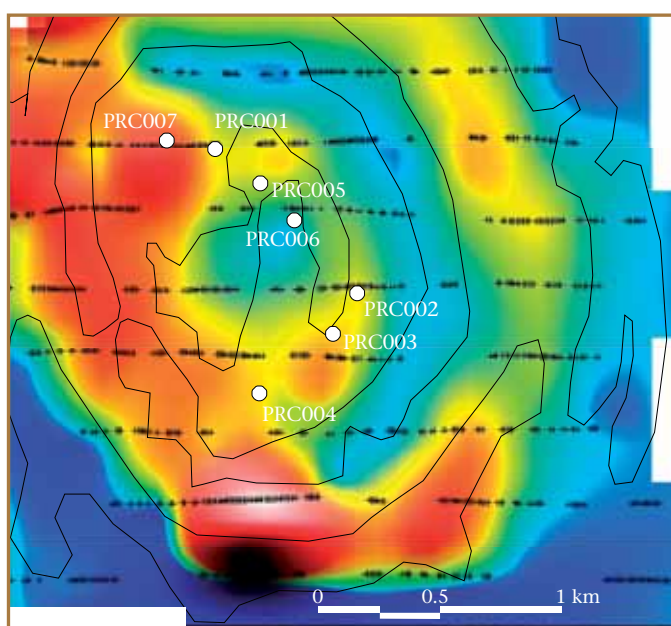


Figure 3: EM signature from 85m

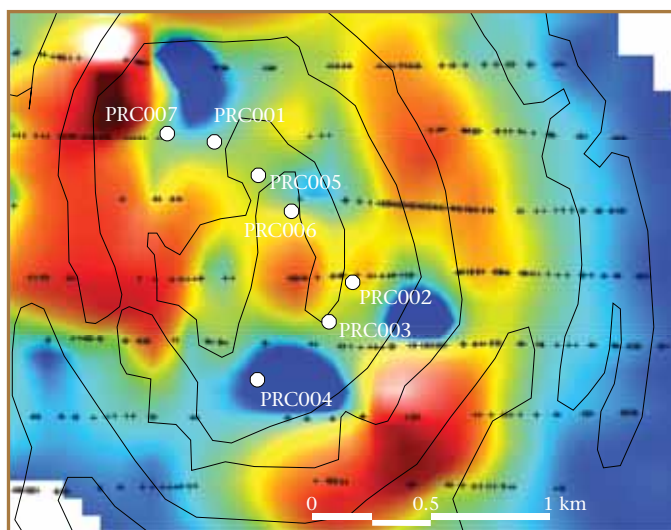


Figure 4: EM signature from 195 m

The presence of the REE anomalism is also of interest as the carbonate seen in the drilling results may be a source for the REE's in the south of the anomaly.

The nickel anomalism is believed to be a consequence of weathering of buried amphibolite rocks. The source of the electromagnetic highs was not tested as drilling was hampered by high water inflows. The source is still modeled to be a sulphide target and future exploration is likely to include deeper drilling.



## Coal ± Gasification

**During 2012 Archer was granted EL4869 Ediacara covering 885km<sup>2</sup> of ground to the southwest of Leigh Creek and stretching to the east of Lake Gairdner.**

The tenement cover areas where historic exploration focused on base metals, industrial minerals and coal.

In 1983, the Commonwealth Aluminum Company (Comalco) whilst exploring for northern and southern extensions to lead and copper mineralisation found within the reserve, intersected lignitic material in three holes; CT1 (located in the north of the ELA); and CT2 and CT3 (located some 8km inside the SW boundary), figure 2. Other holes that have historically intersected lignitic material are also shown on figure 2.

- Hole CT1 intersected sandy lignite and lignite from 256m to 289m below competent and firm transported clay.

- Hole CT2 intersected sandy lignite and lignite from 254m to 290m below competent and firm transported clay.
- Hole CT2 intersected sandy lignite and coal fragments from 234m to 244m below competent and firm transported clay and recorded two wide intervals of lignite and coal:
  - 264 to 276 sandy lignite
  - 298 310m (EOH) clay with sub bituminous coal

All the CT holes appear to reside on the western side of the Ediacara Range. The consistency of intercepts in terms of depth and thickness strongly suggest the lignite and coal intercepts are from one deposition environment.

No additional exploration was performed by Comalco in the areas of the CT holes for coal and or lignite.

Subsequent to the EL Archer through a wholly owned subsidiary, Archer Energy and Resources Pty Ltd, applied for a PELA (567) to cover the prospective area of lignite.

During 2012 remnant drill samples for the CT holes were retrieved from PIRSA for gas testing. Two of the three samples were highly degraded. However CT3, despite also being degraded, showed positive signs for gas.

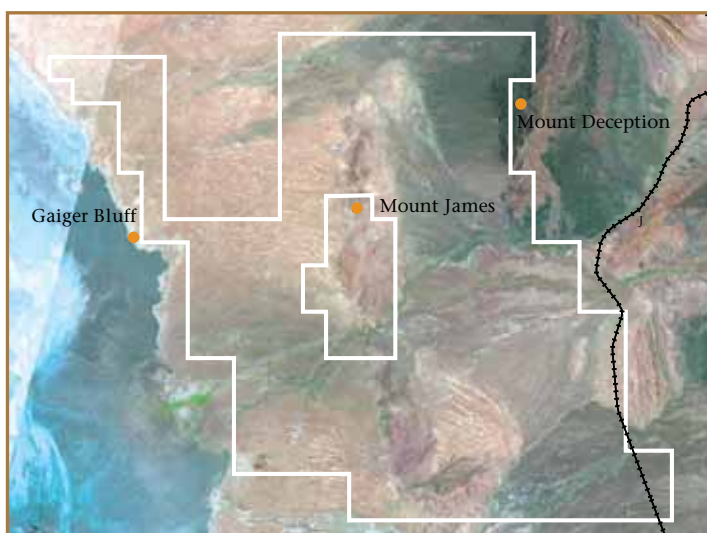


Figure 1: Location of ELA 11/11.

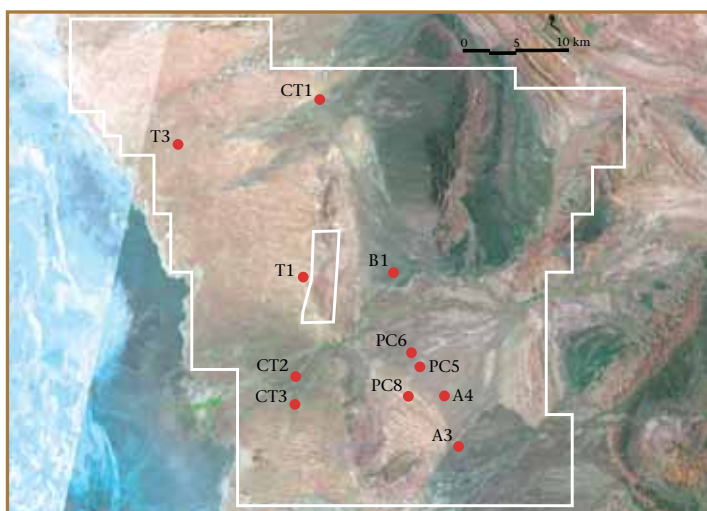


Figure 2: Location of PELA 567.

*The consistency of intercepts in terms of depth and thickness strongly suggest the lignite and coal intercepts are from one deposition environment.*



### 2013 Exploration plan

The plan is to convert the PELA to a PEL at an estimated cost of \$50,000. This will involve having a Land Access Agreement in place with the Andyamathanha People #1 claimant group, which is covered by the SC 99/1 claim. The PELA falls short of Lake Torrens. The 2013 exploration plan includes the signing of this agreement. The proposed scope of works for the PEL is as follows:

#### PEL: Proposed scope of works

##### Year One

Access historic drilling material to determine suitability for test work to determine the potential for gasification. Geological and geophysical studies under the PEL

<i>Expected Expenditure</i>	<i>\$100,000</i>
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##### Year Two

Geology and geophysical studies

<i>Expected Expenditure</i>	<i>\$120,000</i>
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##### Year Three

Geology and geophysical studies. With a focus infilling the geophysical information to adequately define the basin extents.

<i>Expected Expenditure</i>	<i>\$200,000</i>
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##### Year Four

Drill to define the lignite potential for coal seam gasification.

<i>Expected Expenditure</i>	<i>\$350,000</i>
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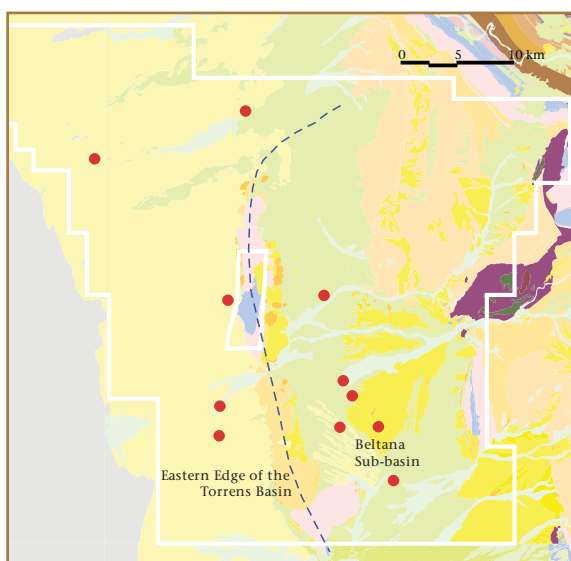


Figure 3: Location of historic regional drill holes that have intersected lignitic material.



## Industrial Minerals - Phosphate and Barite

**Archer has two tenements and an Exploration Licence Application covering prospective phosphate and barite prospects.**

Reconnaissance level exploration including literature searches and rock chip sampling has been conducted for phosphate. Exploration for barite evolved from its potential as a standalone project to a possible indicator of carbonatite intrusives. Carbonatite intrusive may be enriched in Rare Earth Elements (REE).

Primary focus has been on the tenements Worlds End (EL 4230) and Australia Plains (EL 4482). Archer also applied for additional ground west of Australia Plains EL4482 which has been registered as ELA 388/10 (Eudunda).

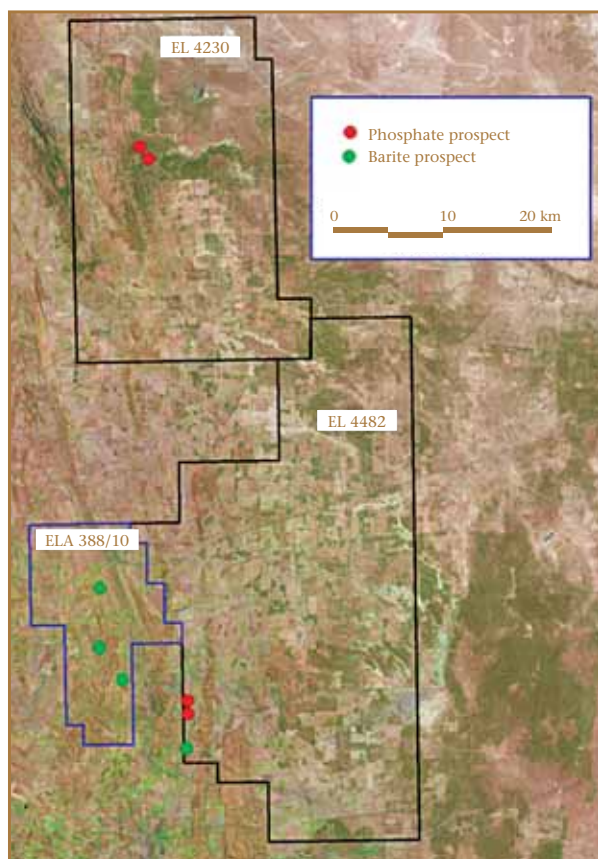


Figure 1: Locality of phosphate and barite prospects.

### Phosphate Worlds End (EL 4230)

Historic phosphate mines exist on both the Worlds End (EL4230) and Australia Plain (EL 4482) tenements.

Mines Department records indicate that production from these areas was limited and operations ceased before 1920.

Reconnaissance exploration has consisted of soil sampling and selected rock chip sampling. The Fairview Phosphatic unit was reported to have a width that varied from 60m to 120m and extended to a depth of 22m (figure 2).

Historic records indicate that the phosphatic units occur over a strike length of approximately 12kms stretching approximately 6km to both the north and south of the Fairview workings.

Future work will focus on rock chip sampling and to see if the phosphatic units can be traced using available radiometric data. Once the strike is known and further rock chip sampling is conducted across and along strike to confirm likely phosphate grades, it should be possible to determine the probability of identifying an economic deposit prior to committing funds for drilling.

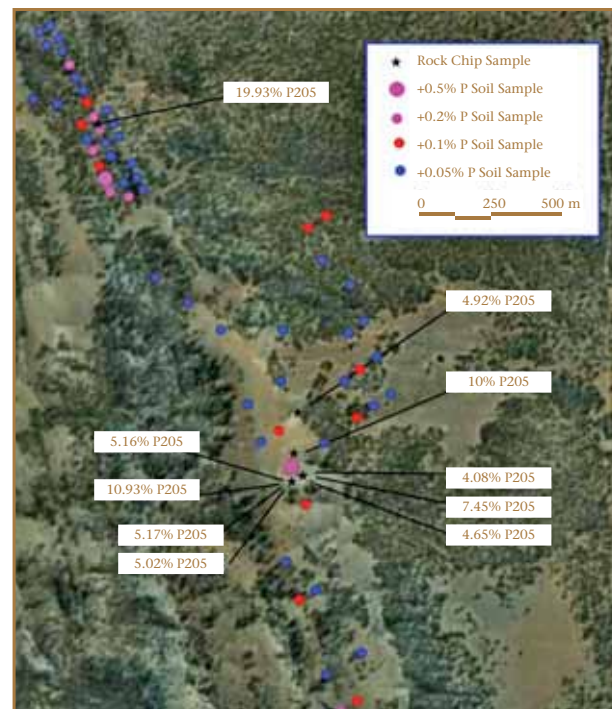


Figure 2: Phosphate work to date at Fairview, EL 4230.

*Historic records indicate that the phosphatic units occur over a strike length of approximately 12kms stretching approximately 6km*



**Australia Plains (EL 4482)**

Phosphate was reported in 1909 at the Rices Mine, where a 50ft shaft was sunk. The occurrence was noted to be ill-defined. Iron ore flux was once sourced from this occurrence. To the north (1.2km) along strike is another mine working, the Eime Phosphate Mine. No production records could be found for this mine (figure 3).

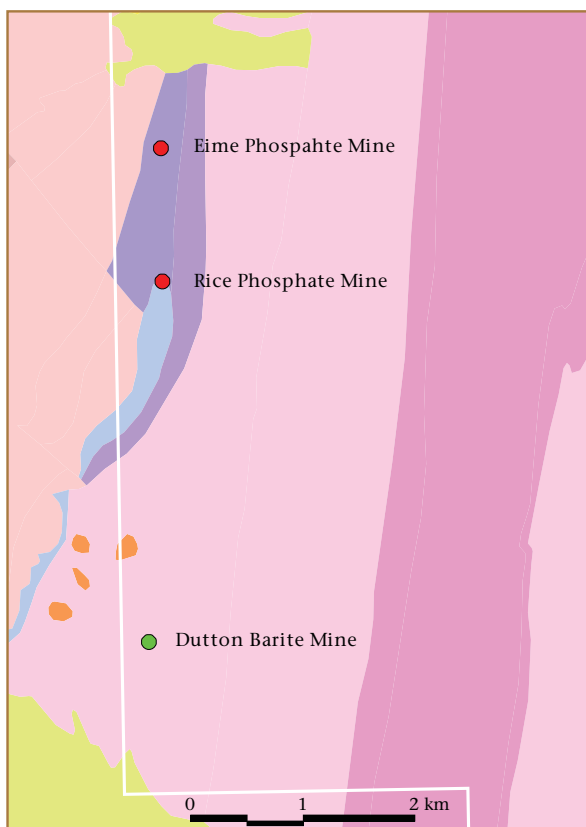


Figure 3: Location of Phosphate on Australia Plains

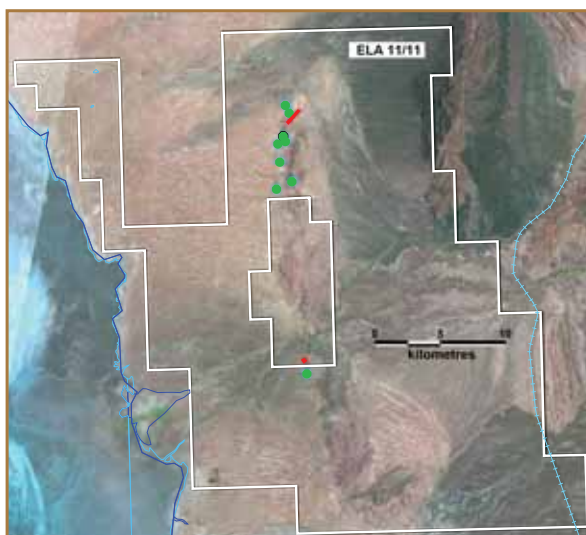


Figure 5: Location of barite occurrences on ELA 11/11, one small gold ML is shown to exist on the lease (red)

**Barite**

Two tenements were applied for during the year Eudunda (ELA 388/10) and Ediacara (ELA 11/11). The tenements were applied for primarily for their barite potential and possible Rare Earth Element (REE) potential. Both are still in the application stage.

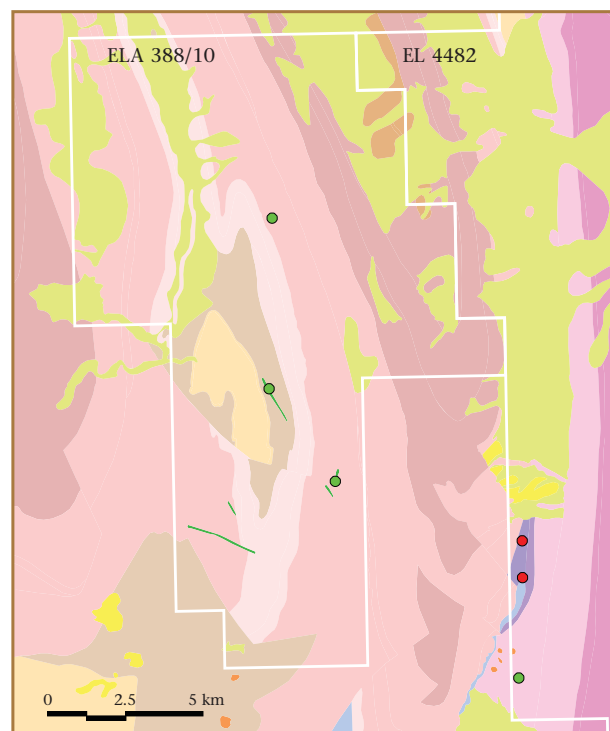
**Eudunda**

Figure 4: Location of barite prospect shown in green on Eudunda and Australia Plain.

**Ediacara**

The tenement application resides SW of Leigh Creek and to the east coast of Lake Torrens. The barite appears to be associated with a fault system which forms a mineralised scarp down the centre of the tenement application.

Future exploration will include literature searches and upon grant, rock chip and soil sampling to determine the size and tenor of the barite occurrences.

## Manganese

**Manganese is the fourth most used metal in terms of tonnage, being ranked behind iron, aluminum and copper, with in the order of 40 million tonnes of ore being mined annually. The main manganese minerals are pyrolusite ( $\text{MnO}_2$ ), rhodochrosite ( $\text{MnCO}_3$ ), manganite ( $\text{MnO(OH)}$ ) and psilomelane ( $(\text{Ba,H}_2\text{O})_2\text{Mn}_5\text{O}_{10}$ ).**

The major deposits of manganese include;

- Chemical sedimentary - Clastic sediments of varying composition to iron formations and carbonate rocks in either a geosynclinal or stable platform structural setting.
- Surficial/residual - Formed near the surface by the supergene processes of leaching and residual enrichment of either existing manganese deposits or low-grade manganese-bearing protore.
- Hydrothermal - Emplaced by rising thermal waters.
- Metamorphosed - Thermal and/or dynamic metamorphism.

Manganese also occurs abundantly on the ocean floor in the form of nodules which usually also contain cobalt, nickel, copper, and iron. It is estimated that up to 1.5 trillion metric tonnes of manganese nodules may occur on the world's ocean floors. Currently, there is no profitable method for removing these ores.

The bulk of globally traded manganese ore is in the high grade range ( $\geq 40\%$  Mn). Few deposits can be mined at these grades and many operations such as the Australian mining

operations at Woodie Woodie and Bootu Creek mine lower grade ore ( $\leq 20\%$  Mn) and beneficiate to produce saleable product.

Archer has 100% interest eight manganese deposits and prospects (Ketchowla, Stone Hut, Kanyaka and Neale's Flat in the Adelaidean; Salt Creek and North Cowell on Eyre Peninsula). The eighth manganese prospect is Jamieson Tank that was formerly the subject of a Farm-In Agreement with OMM Holdings Limited covering manganese and iron at Jamieson Tank. OMM advised Archer (and Monax) on 31 May 2012 that it had formally withdrawn from the Farm-In Agreement effective on that date. A full summary of the Jamieson Tank manganese occurrence is not included in this document.

The current more advanced Archer manganese prospects (Ketchowla and Salt Creek) have grades ranging from 15% - 20% Mn. Beneficiation tests on Ketchowla K1 ore indicates that saleable manganese grading  $\approx 40\%$  Mn (Ni 0.4%; Co 0.3%; Cu 0.3%; Zn 0.25% and high REE content including  $\approx 400\text{ppm}$  Yt) can be recovered at an excellent recovery of 23%. Salt Creek also has manganese that can be beneficiated but at a lower head grade of around 30% Mn. Nonetheless the aggregate Exploration Potential of these two deposits is considered to be significant enough to warrant continued expenditure to determine resource size.

Archer also has early exploration manganese targets (Stone Hut, Neale's Flat, Kanyaka and North Cowell) that will be progressively assessed.

A full summary of Archer's manganese projects is included on the Company's website at [www.archerexploration.com.au](http://www.archerexploration.com.au)



*Manganese Outcrop at Ketchowla Hill Workings*



*Looking South of Ketchowla Manganese Workings*

*The aggregate Exploration Potential of Ketchowla and Salt Creek deposits is considered to be significant enough to warrant continued expenditure to determine resource size.*







## Directors' Report

*Your Directors present this report on Archer Exploration Limited and its consolidated entities ('Group' or 'Archer'), for the year ended 30 June 2012.*

### Directors

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

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

Mr Peter Meers and Mr John Dawkins AO were Directors during the period prior to resigning on 25 May 2012 and 31 May 2012 respectively.

A biography and statutory disclosure regarding each Director and the Company Secretary are provided elsewhere in this Directors' Report.

### Principal Activities

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

### Operating Results

The profit of the Group was \$3,387,278 after receiving a research and development concession of \$112,808 resulting in a net tax benefit for the year of \$41,626.

### Dividends

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

### Review of Operations

During the year employees' conducted technical evaluations of the Group's owned Exploration Licences. Field work including geophysical surveys, geological mapping, soil sampling, rock chip sampling and drilling was conducted on several of the Group's tenements. In addition, Archer conducted exploration activities on one third party tenement as part of a farm-in agreement.

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

### Significant Changes in State of Affairs

During the year the Group conducted a Share Purchase Plan for shareholders and also placed shares with sophisticated investors. Together with the exercise of employee options, a total of \$4,828,710 was raised after costs.

On the 30 April 2012 the Group announced the sale of five exploration licences (West Roxby). The consideration for the sale was \$8,000,000 and the proceeds were received on 27 June 2012. The Directors are not aware of any other significant changes in the state of affairs of the Group occurring during the financial year, other than as disclosed in this Annual Report.

### Matters Subsequent to the End of the Financial Year

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 Group, the results of those operations, or the state of affairs of the Group in future financial years.

### Future Developments, Prospects and Business Strategies

Since listing on the ASX in August 2007, the Group has developed a long pipeline of projects. During the financial year the Group prioritised its exploration and development focus towards two principal strategic commodities; graphite and magnesite. This push will continue throughout 2013.

Archer's graphite interests grew during 2012 to compliment the Group's 100% owned Carappee Hill (EL3711) that hosts the Sugarloaf graphite deposit. During 2011 Archer, by meeting its expenditure obligations under a farm-in agreement with Gingertom Pty Ltd (a wholly owned subsidiary of UraniumSA Limited), earned the right to all minerals other than uranium on Gingertom's Wildhorse Plain (EL4693). During 2012 Archer conducted several drilling programmes on the Campoona Graphite Deposit which is the Group's highest development priority. Archer was granted Cleve West (EL4893) covering 54km<sup>2</sup> of ground highly prospective for extensions to and or repetitions of graphitic horizons identified on Carappee Hill and Wildhorse Plain. Carappee Hill, Wildhorse Plain and Cleve West combined cover 918km<sup>2</sup> hosting several graphite prospects in what is rapidly becoming a major graphite province.



Graphite is a highly prized strategic mineral critical in the worldwide push to find 'green energy' solutions. The area controlled by the Group has several occurrences of flake graphite critical in the development of lithium-ion batteries. Demand for graphite is experiencing unprecedented growth and the outlook given the automotive industry's push towards electric vehicles, looks set to continue.

The Group's Leigh Creek magnesite deposits located on Termination Hill (EL4567) and Witchelina (EL4729) host JORC Measured, Indicated and Inferred Resources of 413 million tonnes grading 41.3% MgO (Refer to page 25 for details).

During 2012 test work continued to determine the optimum process flow sheet for the production of high quality magnesia. Tests using high pressure grinding rolls (HPGRs) delivered high grade magnesia grading >96% MgO and 2.5% SiO<sub>2</sub>. The results demonstrate that Leigh Creek magnesite can deliver high quality magnesia using comparatively simple processing techniques.

In addition to graphite and magnesite the Group will continue exploration for other minerals including manganese, copper and gold.

Except as disclosed elsewhere in this Annual Report, further information on likely development in the operations of the Group and the expected results of operations have not been included because the directors' believe it would result in unreasonable prejudice to the Group

## Environmental Issues

The Group'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.

## 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.

## Remuneration Policy

The Board acts as the remuneration committee as a consequence of the size of the Board and the Group. 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 Group 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% (Managing Director 10%), 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 Group. The Group 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 \$500,000 per annum which has not changed since Archer listed on the ASX in August 2007. These amounts are 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 Archer.

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.

## Voting and comments made at the Company's 2011 Annual General Meeting

The Company received more than 99% of 'yes' votes on its remuneration report for the 2011 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

## Information on Directors' and Management



**Greg English**

LLB, BE (Mining)  
Chairman



**Gerard Anderson**

Assoc. Applied Geology,  
Grad Dip Bus, MSc  
Managing Director



**Tom Phillips AM**

MBA FAICD  
Director (Non-Executive)



**Alice McCleary**

DUniv, BEc FCA FTIA FAICD  
Director (Non-Executive)



**Craig Gooden**

CA  
Company Secretary

**Greg English** is a qualified mining engineer and lawyer. He is 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 is Chairman of ASX listed Core Exploration Ltd, a Director of West African Gold Limited and was 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

**Gerard Anderson** is a geologist with 38 years of experience including over 20 years in senior exploration and mine management roles including Exploration Superintendent at the Boddington Gold Mine for Worsley Alumina, Chief Geologist at Kalgoorlie Consolidated Mines, General Manager of Golden Grove zinc/copper/lead operations for Normandy and Newmont, General Manager Joint Ventures for Newmont, Managing Director of Croesus Mining NL and Managing Director of Centrex Metals Ltd (both ASX listed).

*Special Responsibilities* - Managing Director.  
Member, Audit & Risk Committee.

**Tom Phillips** holds board positions with several not-for-profit Organisations. Tom is the Chair of Safework Australia and also Chairs the Southern Adelaide Development Board and Flinders Partners Pty Ltd. He is a Non-Executive Director of 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* - Member, Audit & Risk Committee.

**Alice McCleary** is a Chartered Accountant. She is Chairman of UraniumSA Limited (ASX listed) and a Director of Forestry Corporation of South Australia, Adelaide Community Healthcare Alliance Inc (ACHA), a Councillor of the South Australian Chamber of Mines and Energy (SACOME), a member of the International Ethics Standards Board for Accountants, and a member of the Corporations and Markets Advisory Committee (CAMAC). Previous leadership roles include Deputy Chancellor of the University of South Australia and National President of the Taxation Institute of Australia. Alice's professional interests include financial management and corporate governance.

*Special Responsibilities* - Chair Audit & Risk Committee.

**Craig 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. Craig is also the Company Secretary of Sundance Energy Australia Limited (ASX listed).

## Service Agreements

The elements of the Directors and Group's executives' remuneration are set out in employment contracts as follows:

### • *Gerard Anderson, Managing Director/CEO, Archer Exploration Limited*

Mr Anderson was appointed a non-executive Director of Archer in July 2008 and was appointed as Managing Director and Chief Executive Officer on 25 October 2010, on the following terms:

- Contract term; Three years but may be terminated early by either party giving minimum 3 months notice.
- Remuneration; \$300,000 per annum plus 10% superannuation.
- Bonus; Discretionary up to 30% of salary each year and is determined with reference to key performance indicators as set by the Board annually. The 2012 KPI's included OH&S, project management, share price, investor relations and business development.
- Termination payments; Calculated based on reason for termination, and limited to 3 months salary plus leave entitlements.

### • *Greg English, Chairman, Non-Executive Director Archer Exploration Limited* Base remuneration.

### • *Tom Phillips AM, Non-Executive Director, Archer Exploration Limited* Base remuneration.

### • *Alice McCleary, Non-Executive Director, Archer Exploration Limited* Base remuneration.

### • *Wade Bollenhagen, Exploration Manager Archer Exploration Limited*

- Contract Term; Extended in March 2010 for 2 years and nine months to December 2012.
- Remuneration \$170,000 per annum plus 9% superannuation and a discretionary bonus as approved by the Board.
- Termination payments; Calculated based on reasons for termination from 4 weeks plus leave entitlements and up to 12 months salary plus leave entitlements if 50% of the Board resign or are replaced and the employee is directed to move permanently interstate and elects to terminate instead of moving.

### • *David Lock PhD, Metallurgy Manager Archer Exploration Limited*

- Contract Term; One year to 18 June 2013
- Remuneration; \$170,000 per annum plus 9% superannuation and a discretionary bonus as approved by the Board. 75,000 share options to be issued on 31 December 2012 based on continuing employment.
- Termination payments; Calculated based on reasons for termination from 4 weeks plus leave entitlements.



## Details of Key Management Personnel Remuneration for year ended 30 June 2012

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.

2012	Fixed Based Remuneration Performance		Based Remuneration		
Directors	Salary and commissions \$	Superannuation \$	STI-Cash bonus \$	Share based payments - Options \$	Total \$
Greg English*	60,398	5,436	-	-	65,834
Tom Phillips AM	37,462	3,372	-	-	40,834
Alice McCleary	37,462	3,372	-	-	40,834
Gerard Anderson	300,000	34,745	47,444	42,725	424,914
John Dawkins AO**	33,639	3,027	-	-	36,666
Peter Meers**	33,639	3,027	-	-	36,666
Subtotal	502,600	52,979	47,444	42,725	645,748
<i>Key Management Personnel</i>					
Craig Gooden	75,037	-	-	-	75,037
David Lock	6,538	588	-	-	7,126
Wade Bollenhagen	170,000	15,300	11,697	-	196,997
Total	754,175	68,867	59,141	42,725	924,908

\* In addition, Norman Waterhouse Lawyers were paid \$13,242 (2011: \$24,318) during the year for services rendered to the Company. Mr English is a partner of Norman Waterhouse Lawyers during the year.

\*\* John Dawkins AO and Peter Meers resigned on 31 May 2012 and 25 May 2012 respectively.

The percentage of remuneration received as share based payments were:

Mr Gerard Anderson 10.1%

## Details of Key Management Personnel Remuneration for year ended 30 June 2011

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.

2011	Fixed Based Remuneration Performance		Based Remuneration		
Directors	Salary and commissions \$	Superannuation \$		Share based payments - Options \$	Total \$
Greg English*	59,633	5,367		-	65,000
Tom Phillips AM	36,697	3,303		-	40,000
Alice McCleary	36,697	3,303		-	40,000
Gerard Anderson	222,365	22,114		109,332	353,811
John Dawkins AO	36,697	3,303		-	40,000
Peter Meers	23,241	2,092		-	25,333
Subtotal	415,330	39,482		109,332	564,144
<i>Key Management Personnel</i>					
Craig Gooden	65,972	-		-	65,972
Wade Bollenhagen	160,000	14,437		-	174,437
Mike Hatcher	111,989	6,609		-	118,598
Total	753,291	60,528		109,332	923,151

\* In addition, Norman Waterhouse Lawyers were paid \$24,417 (2010: \$24,318) during the year for services rendered to the Company. Mr English is a partner of 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 21.

The percentage of remuneration received as share based payments were:

Mr Gerard Anderson 30.9%

## Key Management Personnel Compensation

### Options Granted as Compensation

No options were granted during the year as compensation; (2011: 5,000,000). The amounts expensed during the year reflect the vesting conditions of prior option issues. 140,000 options were exercised during the year which were granted as compensation in prior periods.

## Options issued as part of Remuneration to Directors or Key Management Personnel for the year ended 30 June 2012

No options were issued during the year. (2011: 5,000,000 to the Managing Director).

The 5,000,000 options issued to the Managing Director on 3 December 2010 had an exercise price of 20 cents and expiry date of 30 November 2013. The fair value of these options was \$174,000.

The inputs utilised in determining the fair value of options is outlined in Note 21 to the Financial Statements. No options previously granted as compensation in prior periods have been exercised.

## Shares issued as part of Remuneration to Directors or Key Management Personnel for the year ended 30 June 2012

No shares were issued to Directors or Key Management Personnel as part of their remuneration during the year.

## Number of Unlisted Options held by Directors and Key Management Personnel

<i>Key Management Personnel</i>	<i>Balance 1/07/11</i>	<i>Granted as Compensation</i>	<i>Options Exercised</i>	<i>Net other Changes</i>	<i>Balance 30/06/12</i>	<i>Total vested</i>	<i>Total exercisable</i>	<i>Total unexercisable</i>
Gerard Anderson	5,250,000	-	-	(250,000)	5,000,000	3,000,000	3,000,000	2,000,000
Wade Bollenhagen	140,000	-	(140,000)	-	-	-	-	-
<b>Total</b>	<b>5,390,000</b>	<b>-</b>	<b>(140,000)</b>	<b>(250,000)</b>	<b>5,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>2,000,000</b>

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

<i>Key Management Person</i>	<i>Balance on 1/7/11</i>	<i>Received as Compensation</i>	<i>Options Exercised</i>	<i>Net Other Change</i>	<i>Balance 30/06/12</i>
Greg English	11,916,298	-	-	35,346 **	11,951,644
Tom Phillips AM	1,075,000	-	-	35,346 **	1,110,346
Alice McCleary	2,027,917	-	-	45,347 ***	2,073,264
Gerard Anderson	50,000	-	-	-	50,000
John Dawkins AO*	-	-	-	-	-
Peter Meers*	-	-	-	-	-
Craig Gooden	950,000	-	-	35,346 **	985,346
Wade Bollenhagen	175,000	-	140,000	(75,000)	240,000
David Lock PhD	-	-	-	-	-
<b>Total</b>	<b>16,194,215</b>	<b>-</b>	<b>140,000</b>	<b>76,385</b>	<b>16,410,600</b>

\* Peter Meers and John Dawkins AO resigned as directors on 25th May and 31st May 2012 respectively.

\*\* Net other changes result from participation in the Group's Share Purchase Plan (SPP) during the year.

\*\*\* Alice McCleary participated in the SPP conducted during the year as well as an on market purchase and sale of shares.

## Employment contract of the Managing Director and Exploration Manager

<i>Name</i>	<i>Position</i>	<i>Duration of Contract</i>	<i>Period of Termination Notice</i>	<i>Termination Payment provided for under the contract</i>
Gerard Anderson	MD/CEO	36 Months (1)	Immediate (4)	3 months
Wade Bollenhagen	Exploration Manager	33 Months (2)	Immediate (4)	4 weeks
David Lock	Manager Metallurgy	12 Months (3)	Immediate (4)	4 weeks

Note 1) Contract commenced 25 October 2010  
 2) Contract renewed until 31 December 2012  
 3) Contract commenced 18 June 2012  
 4) For termination with good cause

## Meetings of Directors

During the financial year, 13 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>
Greg English	13	13
Tom Phillips AM	13	13
Alice McCleary	13	13
Gerard Anderson	13	13
John Dawkins AO*	12	12
Peter Meers*	12	12

\* 12 meetings were held before Mr Peter Meers and John Dawkins AO resigned.

Two meetings of the Audit & Risk Committee were held during the year. The members being Alice McCleary as Chair, Gerard Anderson and Tom Phillips. An apology was received from Tom Phillips for one meeting. In addition, Directors Greg English also attended both meetings by invitation, John Dawkins and Peter Meers also attended one meeting by invitation. The Company has not formed a 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 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 and the amount paid is confidential. 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 2013.



## 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>
4 September 2009	Unlisted	1,000,000	\$0.20	31 December 2012
3 December 2010	Unlisted	5,000,000	\$0.20	30 November 2013

No person entitled to exercise an 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 year 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 2012:

*Taxation services*      \$11,160

## Auditor's Independence Declaration

The lead auditor's independence for the year ended 30 June 2012 has been received and can be found on page 58 of the Financial Report.

Signed in accordance with a resolution of the Board of Directors



*Greg English*  
Chairman

*Adelaide*

*Dated this 13<sup>th</sup> day of September 2012*



## Auditor's Independence Declaration



Level 1,  
67 Greenhill Rd  
Wayville SA 5034  
GPO Box 1270  
Adelaide SA 5001  
T 61 8 8372 6666  
F 61 8 8372 6677  
E info.sa@au.gt.com  
W www.grantthornton.com.au

### 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 2012, 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*

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP  
Chartered Accountants

*J.L. Humphrey*  
J.L. Humphrey  
Partner

Adelaide, 13 September 2012

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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](http://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 Chairman was carried out by the Board in accordance with our published policy. In addition, the Chairman reviewed the performance of the Board and 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*

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 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 2012 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 Company has not established a specific policy on diversity due to the current size of the Company and its operations. Directors and Management are selected based on skills, experience and expertise relevant to the required position. At 30 June 2012, the Company reports that 25% of the Board and 25% of employees were women.

### **Principle 4: Safeguarding integrity in financial reporting**

An Audit and Risk Committee was established in 2011 and a formal charter has been approved. The Chair of the committee is director Alice McCleary with directors Tom Phillips and Gerard Anderson as members. All directors are given notice of meetings and are free to attend.

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 are considered adequate at this of the Company's development. The Company uses electronic communications effectively.

### 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 Managing Director 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 Managing Director 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 in accordance with accounting standards [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. Employees are not permitted to use margin lending or similar facilities in relation to their shares in the Company.



**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2012**

		<i>Consolidated Group</i>	
	<i>Notes</i>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
Revenues from ordinary activities	2	161,044	200,305
Gain on sale of West Roxby	2	4,403,877	-
Depreciation and amortisation expenses		(17,479)	(25,601)
Impairment-exploration assets		(191,338)	(76,530)
Employee benefits expense		(575,618)	(712,411)
Finance costs		(45)	(1,338)
Occupancy expense		(27,544)	(26,701)
Consultants expense		(86,629)	(74,767)
ASX listing and registry expense		(85,283)	(46,003)
Other corporate expenses from ordinary activities		(235,333)	(223,588)
<b>Profit/(loss) before income tax</b>		<b>3,345,652</b>	<b>(986,634)</b>
Income tax benefit	3	41,626	9,757
<b>Profit/(loss) for year</b>		<b>3,387,278</b>	<b>(976,877)</b>
<b>Profit/(loss) attributable to members of the parent entity</b>		<b>3,387,278</b>	<b>(976,877)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>3,387,278</b>	<b>(976,877)</b>
Total comprehensive income for the year attributable to members of the parent entity		3,387,278	(976,877)
		<i>Cents</i>	<i>Cents</i>
<b>Earnings per Share</b>			
Basic profit/(loss) per share	6	4.8	(1.5)
Diluted profit/(loss) per share	6	4.8	N/A

*The accompanying notes form part of the financial statements.*



**STATEMENT of FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

		<i>Consolidated Group</i>	
	<i>Notes</i>	<i>2012</i>	<i>2011</i>
		<i>\$</i>	<i>\$</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	12,752,896	2,674,176
Trade and other receivables	8	319,189	37,857
<b>Total Current Assets</b>		13,072,085	2,712,033
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10	123,196	105,525
Exploration and evaluation expenditure	11	3,501,119	5,688,265
<b>Total Non-current Assets</b>		3,624,315	5,793,790
<b>TOTAL ASSETS</b>		16,696,400	8,505,823
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	339,591	421,084
Financial liabilities	13	-	1,690
Short-term provisions	14	106,237	102,823
<b>TOTAL CURRENT LIABILITIES</b>		445,828	525,597
<b>NON CURRENT LIABILITIES</b>			
Long-term provisions	14	22,225	10,592
<b>TOTAL NON CURRENT LIABILITIES</b>		22,225	10,592
<b>TOTAL LIABILITIES</b>		468,053	536,189
<b>NET ASSETS</b>		<b>16,228,347</b>	<b>7,969,634</b>
<b>EQUITY</b>			
Issued capital	15	15,528,408	10,699,698
Reserves	16	238,787	196,062
Retained earnings		461,152	(2,926,126)
<b>TOTAL EQUITY</b>		<b>16,228,347</b>	<b>7,969,634</b>

*The accompanying notes form part of the financial statements.*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2012**

	<i>Issued Capital</i>	<i>Retained Earnings</i>	<i>Share Option Reserve</i>	<i>Total</i>
	\$	\$	\$	\$
<b>Consolidated Group</b>				
Balance at 1 July 2010	10,699,698	(1,949,249)	81,978	8,832,427
Fair value of options issued	-	-	114,084	114,084
Total comprehensive income for year	-	(976,877)	-	(976,877)
<b>Balance at 30 June 2011</b>	<b>10,699,698</b>	<b>(2,926,126)</b>	<b>196,062</b>	<b>7,969,634</b>
Fair value of options issued	-	-	42,725	42,725
Shares issued net of costs and tax	4,808,910	-	-	4,808,910
Listed share options exercised	19,800	-	-	19,800
Total comprehensive income for year	-	3,387,278	-	3,387,278
<b>Balance at 30 June 2012</b>	<b>15,528,408</b>	<b>461,152</b>	<b>238,787</b>	<b>16,228,347</b>

*The accompanying notes form part of the financial statements.*

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

		<i>Consolidated Group</i>	
	<i>Notes</i>	<i>2012</i>	<i>2011</i>
		<i>\$</i>	<i>\$</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from consulting services		-	5,573
Payments to suppliers and employees		(956,086)	(897,604)
Interest received		151,659	197,918
Research & Development concessional tax refund		112,808	104,906
Finance costs		(45)	(1,315)
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	<i>20</i>	<b>(691,664)</b>	<b>(590,522)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration expenditure		(1,633,744)	(903,322)
Receipts from sale of West Roxby		8,000,000	-
Payments for plant and equipment		(51,707)	(42,477)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<b>6,314,549</b>	<b>(945,799)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the issues of ordinary shares		4,694,800	-
Costs of share capital raising		(237,275)	-
Share capital applications received		-	300,000
Repayment of borrowings		(1,690)	(19,327)
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>		<b>4,455,835</b>	<b>280,673</b>
Net (decrease) in cash held		10,078,720	(1,255,648)
Cash at the beginning of the financial year		2,674,176	3,929,824
<b>Cash at the end of the financial year</b>	<i>7</i>	<b>12,752,896</b>	<b>2,674,176</b>

*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' or 'Group').

**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 9 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 acquisition 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 Statement of Comprehensive Income 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 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 Statement of Comprehensive Income.

**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 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.

**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.



**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES** *continued***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 Statement of Comprehensive Income.

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) Interests in Joint Venture**

The Consolidated Group's share of assets, liabilities, revenue and expenses of the joint venture operations are included in the appropriate items of the Consolidated Financial Statements. Details of the Consolidated Group's interest is shown in Note 17.

**l) 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 Statement of Comprehensive Income. 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.

**j) 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.

**k) Cash and Cash Equivalents**

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 Statement of Financial Position.

**l) 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).

**m) 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.

**n) 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 Statement of Financial Position are shown inclusive of GST.

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

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES** *continued***o) Comparative Figures**

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

**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 was recognised in respect of non current assets for the year ended 30 June 2012 (2011: \$76,530).

*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 Statement of Comprehensive Income.

**q) Carbon tax**

At the date of this report the Carbon Tax legislation has passed through parliament, and the commencement date for the scheme is 1 July 2012. As the Group will not fall within the 'Top 500 Australian Polluters', the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant

impact upon the operating costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

**r) Adoption of New and Revised Accounting Standards**

During the current year the Group adopted all of the new and revised Australia Accounting Standards and Interpretations applicable to its operations which became mandatory.

**Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group:**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

**AASB 9 Financial Instruments (effective from 1 January 2013)**

The AASB aims to replace AASB 139 *Financial Instruments: Recognition and Measurement* in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

**Consolidation Standards**

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group's management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES** *continued****AASB 10 Consolidated Financial Statements (AASB 10)***

AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

***AASB 11 Joint Arrangements (AASB 11)***

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates.

***AASB 12 Disclosure of Interests in Other Entities (AASB 12)***

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

***Consequential amendments to AASB 127 Separate Financial Statements (AASB 127) and AASB 128 Investments in Associates and Joint Ventures (AASB 128)***

AASB 127 Consolidated and Separate Financial Statements was amended to AASB 127 Separate Financial Statements which now deals only with separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

***AASB 13 Fair Value Measurement (AASB 13)***

AASB 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this new standard.

***AASB 2011-9 Amendments to Australian Accounting Standards Presentation of Items of Other Comprehensive Income s (AASB 101 Amendments)***

The AASB 101 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

***AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124 Amendments)***

AASB 2011-4 makes amendments to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements, to achieve consistency with the international equivalent (which includes requirements to disclose aggregate (rather than individual) amounts of KMP compensation), and remove duplication with the Corporations Act 2011. The amendments are applicable for annual periods beginning on or after 1 July 2013. The Group's management have yet to assess the impact of these amendments.

***AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine***

Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 112 Inventories if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met (as an addition to, or enhancement of, an existing asset). The interpretation is applicable for annual periods beginning on or after 1 January 2013. The interpretation will have no impact on the Group as it currently has no mining activities.

The financial report was authorised for issue on 13 September 2012 by the Board of Directors.



**NOTE 2 – REVENUE**

## Operating activities

- Re-imbursed expenses
- Interest received

## Total Revenue

## Gain on sale of West Roxby prospect

On 30 April 2012 the Group announced the sale of five tenements (West Roxby) to a subsidiary of BHP Billiton. The consideration for the sale was \$8,000,000 and was received on 27 June 2012. The carrying value of the tenements was \$3,596,123 resulting in the \$4,403,877 gain on disposal.

**NOTE 3 – INCOME TAX BENEFIT**

## a) The components of income tax benefit 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% (2011 : 30%):

## Net profit/(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

## Utilisation of previously unrecognised tax losses

## Income Tax attributable to operating loss

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

*Consolidated Group*

	2012	2011
	\$	\$
	-	2,387
	161,044	197,918
	161,044	200,305
	4,403,877	-
	41,626	9,757
	-	-
	41,626	9,757
	3,345,665	(986,634)
	1,003,696	(295,990)
	-	(59,185)
	12,818	68,526
	1,016,514	(286,649)
	112,808	9,757
	(71,182)	-
	581,357	286,649
	(1,597,870)	-
	41,627	9,757
	566,338	1,974,498

**NOTE 4 – KEY MANAGEMENT PERSONNEL COMPENSATION****a) Names and positions held of consolidated 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 Gerard Anderson	<i>Director – Executive</i>	<i>appointed 14 July 2008</i>
Mr John Dawkins AO	<i>Director – Non-executive</i>	<i>resigned 31 May 2012</i>
Mr Peter Meers	<i>Director – Non-executive</i>	<i>resigned 25 May 2012</i>
Mr Craig Gooden	<i>Company Secretary</i>	<i>appointed 16 February 2007</i>
Mr Wade Bollenhagen	<i>Exploration Manager</i>	<i>appointed 26 March 2008</i>
Mr David Lock PhD	<i>Metallurgy Manager</i>	<i>appointed 18 June 2012</i>

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

**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 (KMP) for the year ended 30 June 2012.

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

	<i>2012</i>	<i>2011</i>
Short term benefits	813,316	753,291
Post employment benefit	68,867	60,528
Share - based payments	42,275	109,332
	<u>924,458</u>	<u>923,151</u>

**c) Options Granted as Compensation**

No options (2011: 5,000,000) were granted during the year to key management as compensation. The fair value of 2011 options was \$174,000.

220,000 options were exercised during the year which were granted as compensation in prior periods and 50,000 options expired unexercised.

**NOTE 4 – KEY MANAGEMENT PERSONNEL COMPENSATION** *continued***d) Option Holdings****Number of options held by Key Management Personnel****2012**

<i>Key Management Personnel</i>	<i>Balance 1.07.11</i>	<i>Granted as compensation</i>	<i>Options exercised</i>	<i>Options expired</i>	<i>Net other changes</i>	<i>Balance 30.06.12</i>	<i>Total Vested</i>	<i>Total Exercisable</i>	<i>Total Unexercisable</i>
Mr Greg English	-	-	-	-	-	-	-	-	-
Mr Tom Phillips AM	-	-	-	-	-	-	-	-	-
Ms Alice McCleary	-	-	-	-	-	-	-	-	-
Mr Gerard Anderson	5,250,000	-	(250,000)	-	-	5,000,000	3,000,000	3,000,000	2,000,000
Mr Craig Gooden	-	-	-	-	-	-	-	-	-
Mr Wade Bollenhagen	140,000	-	(140,000)	-	-	-	-	-	-
Mr David Lock PhD	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,390,000</b>	<b>-</b>	<b>(140,000)</b>	<b>(250,000)</b>	<b>-</b>	<b>5,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>2,000,000</b>

John Dawkins AO and Peter Meers resigned 31 May 2012 and 25 May 2012 respectively.

**2011**

<i>Key Management Personnel</i>	<i>Balance 1.07.10</i>	<i>Granted as compensation</i>	<i>Options exercised</i>	<i>Options expired</i>	<i>Net other changes</i>	<i>Balance 30.06.11</i>	<i>Total Vested</i>	<i>Total Exercisable</i>	<i>Total Unexercisable</i>
Mr Greg English	-	-	-	-	-	-	-	-	-
Mr Tom Phillips AM	-	-	-	-	-	-	-	-	-
Ms Alice McCleary	-	-	-	-	-	-	-	-	-
Mr Gerard Anderson*	250,000	5,000,000	-	-	-	5,250,000	2,250,000	2,250,000	3,000,000
Mr John Dawkins AO	-	-	-	-	-	-	-	-	-
Mr Peter Meers	-	-	-	-	-	-	-	-	-
Mr Craig Gooden	-	-	-	-	-	-	-	-	-
Mr Wade Bollenhagen	140,000	-	-	-	-	140,000	140,000	140,000	-
Mr Mike Hatcher**	1,000,000	-	-	(1,000,000)	-	-	-	-	-
<b>Total</b>	<b>1,390,000</b>	<b>5,000,000</b>	<b>-</b>	<b>(1,000,000)</b>	<b>-</b>	<b>5,390,000</b>	<b>2,390,000</b>	<b>2,390,000</b>	<b>3,000,000</b>

\* Unlisted options issued to an employee. \*\* Mr Mike Hatcher resigned September 2010.

**e) Shareholdings****Number of shares held by Key Management Personnel****2011**

<i>Key Management Personnel</i>	<i>Balance 1.7.11</i>	<i>Received as Compensation</i>	<i>Options Exercised</i>	<i>Net Other Change</i>	<i>Balance 30.6.12</i>
Mr Greg English	11,916,298	-	-	35,346	11,951,644
Mr Tom Phillips AM	1,075,000	-	-	35,346	1,110,346
Ms Alice McCleary	2,027,917	-	-	45,347	2,073,264
Mr Gerard Anderson	50,000	-	-	-	50,000
Mr John Dawkins AO*	-	-	-	-	-
Mr Peter Meers*	-	-	-	-	-
Mr Craig Gooden	950,000	-	-	35,346	985,346
Mr Wade Bollenhagen	175,000	-	140,000	(75,000)	240,000
Mr David Lock PhD	-	-	-	-	-
<b>Total</b>	<b>16,194,215</b>	<b>-</b>	<b>140,000</b>	<b>76,385</b>	<b>16,410,600</b>

\* John Dawkins AO and Peter Meers resigned 31 May 2012 and 25 May 2012 respectively.



**NOTE 4 – KEY MANAGEMENT PERSONNEL COMPENSATION** *continued***e) Shareholdings** *continued***Number of shares held by Key Management Personnel****2011**

<i>Key Management Personnel</i>	<i>Balance 1.7.10</i>	<i>Received as Compensation</i>	<i>Options Exercised</i>	<i>Net Other Change</i>	<i>Balance 30.6.11</i>
Mr Greg English	11,604,798	-	-	311,500	11,916,298
Mr Tom Phillips AM	1,075,000	-	-	-	1,075,000
Ms Alice McCleary	1,740,000	-	-	287,917	2,027,917
Mr Gerard Anderson	50,000	-	-	-	50,000
Mr John Dawkins AO	-	-	-	-	-
Mr Peter Meers	-	-	-	-	-
Mr Craig Gooden	850,000	-	-	100,000	950,000
Mr Wade Bollenhagen	175,000	-	-	-	175,000
Mr Mike Hatcher*	-	-	-	-	-
<b>Total</b>	<b>15,494,798</b>	<b>-</b>	<b>-</b>	<b>699,417</b>	<b>16,194,215</b>

\* Mr Hatcher resigned in September 2010.

**NOTE 5 – AUDITORS' REMUNERATION**

Remuneration of the auditor for:

- auditing or review of the financial report
- other services provided by the practice of the auditor

*Consolidated Group*

<i>2012 \$</i>	<i>2011 \$</i>
25,000	24,000
11,160	16,420
<b>36,160</b>	<b>40,420</b>

**NOTE 6 – EARNINGS PER SHARE**

Reconciliation of earnings to Profit or Loss

Profit/(loss) for year used to calculate basic EPS

3,387,278	(976,877)
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- a) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS
- b) Weighted average number of securities outstanding during the year used in the calculation of the diluted EPS

<i>Number</i>	<i>Number</i>
70,160,223	64,428,477
70,344,854	N/A

**NOTE 7 – CASH AND CASH EQUIVALENTS**

Short term deposits  
Cash at bank and on hand

Total Cash at bank and on hand

The effective interest rate on short term bank deposits was 5.36%. These deposits have an average maturity of 113 days. The Group's exposure to interest rate risk is summarised at Note 24.

**NOTE 8 – TRADE AND OTHER RECEIVABLES**

CURRENT

Prepayments  
Other receivables

At 30 June 2012 the consolidated entity did not have any receivables which were outside normal trading terms (past due but not impaired).

**NOTE 9 – INVESTMENTS IN CONTROLLED ENTITIES**

Parent Entity

- Archer Exploration Limited

Subsidiaries of Archer Exploration Limited:

- Pirie Resources Pty Ltd  
- Kensington Exploration Pty Ltd  
- Leigh Creek Magnesite Pty Ltd  
- Archer Exploration & Resources Pty Ltd  
- SA Exploration Pty Ltd

<i>Consolidated Group</i>	
<i>2012</i>	<i>2011</i>
<i>\$</i>	<i>\$</i>
12,728,479	2,347,137
24,417	327,039
12,752,896	2,674,176
224,279	5,425
94,910	32,432
319,189	37,857

<i>Country of Incorporation</i>	<i>Percentage Owned</i>	
	<i>2012</i> <i>%</i>	<i>2011</i> <i>%</i>
Parent Entity		
- Archer Exploration Limited	-	-
Subsidiaries of Archer Exploration Limited:		
- Pirie Resources Pty Ltd	100	100
- Kensington Exploration Pty Ltd	100	100
- Leigh Creek Magnesite Pty Ltd	100	100
- Archer Exploration & Resources Pty Ltd	100	100
- SA Exploration Pty Ltd	100	-

- a) SA Exploration Pty Ltd was incorporated on 2 August 2011

## Consolidated Group

	2012	2011
	\$	\$
<b>NOTE 10 – PLANT AND EQUIPMENT</b>		
Plant and Equipment at cost	233,254	181,547
Accumulated depreciation	(110,058)	(76,022)
	123,196	105,525
<b>a) Movements in carrying amounts:</b>		
Balance at the beginning of the year	105,525	97,884
Additions	51,707	42,477
Depreciation	(34,036)	(34,836)
Balance at 30 June	123,196	105,525
<b>NOTE 11 – EXPLORATION AND EVALUATION EXPENDITURE</b>		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phase at cost	3,501,119	5,688,265
	3,501,119	5,688,265
<b>a) Movements in carrying amounts:</b>		
<b>Exploration and evaluation</b>		
Balance at the beginning of the year	5,688,265	4,833,783
Cost of exploration licenses sold	(3,596,123)	-
Amounts capitalised during the year	1,600,315	931,012
Impairment expense during the year	(191,338)	(76,530)
Balance at 30 June	3,501,119	5,688,265
During the year \$16,557 (2011:\$9,235) of equipment depreciation was included in the amount capitalised as exploration and evaluation.		
A summary by tenement is included at <i>Note 17</i>		
<b>NOTE 12 – TRADE AND OTHER PAYABLES</b>		
<b>CURRENT</b>		
Unsecured liabilities:		
Trade payables	197,233	60,114
Other creditors and accruals	142,358	60,970
Advances received for share capital placement	-	300,000
	339,591	421,084
Nil (2011: \$4,840) is owed to Norman Waterhouse Lawyers for legal services. Mr G English is a partner of Norman Waterhouse Lawyers.		



	<i>Consolidated Group</i>	
	<i>2012</i>	<i>2011</i>
	<i>\$</i>	<i>\$</i>
<b>NOTE 13 – FINANCIAL LIABILITIES</b>		
CURRENT		
Hire purchase liabilities	-	1,690
NON-CURRENT		
Hire purchase liabilities	-	-
The hire purchase liabilities are secured by a charge over a term deposit.		
<b>NOTE 14 – SHORT-TERM PROVISIONS</b>		
CURRENT		
Employee entitlements	29,737	26,323
Provision for remuneration bonus	76,500	76,500
	106,237	102,823
NON-CURRENT		
Employee entitlements	22,225	10,592
During the year a remuneration bonus provision of \$76,500 (2011: \$76,500) has been provided for in accordance with employment agreements. The bonus remains payable at the discretion of the board.		
<b>NOTE 15 - ISSUED CAPITAL</b>	<b>\$</b>	<b>\$</b>
82,362,763 (2011: 64,428,477) fully paid ordinary shares	15,528,408	10,699,698

<b>a) Ordinary Shares</b>	<i>Number</i>
At 1 July 2010	64,428,477
Shares issued during the year	-
Total shares issued at 30 June 2011	64,428,477
Shares issued during the year	17,934,286
Total shares issued at 30 June 2012	82,362,763

## Consolidated Group

2012

\$

**NOTE 15 - ISSUED CAPITAL** *continued***b) Issued Capital**

At 1 July 2010

10,699,698

Shares issued

-

Total shares issued at 30 June 2011

10,699,698

Shares issued during the year

4,828,710

Total shares issued at 30 June 2012

15,528,408

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>	<i>2012</i>	<i>2011</i>
		<i>\$</i>	<i>Number</i>	<i>Number</i>
14 February 2008				
<i>Unlisted employee options</i>	<i>14 July 2011</i>	<i>0.25</i>	-	250,000
29 June 2009				
<i>Unlisted employee options</i>	<i>29 June 2012</i>	<i>0.09</i>	-	270,000
3 September 2009				
<i>Unlisted employee options</i>	<i>31 Dec 2012</i>	<i>0.20</i>	1,000,000	1,000,000
3 December 2010				
<i>Unlisted employee options</i>	<i>30 Nov 2013</i>	<i>0.20</i>	5,000,000	5,000,000
			6,000,000	6,520,000

**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 have 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 2012 the Company had debt of \$Nil (2011: \$1,690) resulting from a hire purchase liability. See *Note 13*.

**NOTE 16 - RESERVES****Share option reserve**

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

## Consolidated Group

2012

\$

2011

\$

**NOTE 17 – TENEMENTS**

The Company's interest in tenements are as follows:

*All tenements are within South Australia*

<i>Project</i>	<i>Tenement</i>	<i>Commodity</i>	<i>Carrying value</i> \$	<i>Carrying value</i> \$
Yalamboo	EL3721	Base Metals	-	784,930
Andamooka	EL 3722	Base Metals	-	769,990
Woomera	EL 3724	Base Metals	-	522,879
Baroota	EL 4201	Base Metals	-	85,877
Wilmington	EL 4249	Base Metals	-	-
Pinda	EL 4202	Base Metals	-	-
Worlds End	EL 4230	Base Metals	261,635	236,700
Carapsee Hill	EL 4862	Graphite	1,012,368	795,147
Lake Gairdner North	EL 3851	Base Metals	-	910,246
Lake Gairdner South	EL 3869	Base Metals	-	519,833
North Burra	EL 4266	Base Metals	390,518	376,442
North Cowell	EL 4277	Base Metals	129,306	83,759
Australia Plains	EL 4482	Base Metals	49,910	30,855
Wildhorse Plain	EL 4694*	Graphite	1,386,980	361,627
Elbow Hill	EL 3653*	Graphite	-	52,948
Riverton	EL 4563	Gold	-	11,380
Kanyaka	EL 4564	Base Metals	-	8,524
Napoleons Hat	EL 4668	Gold	18,531	7,384
Mt Shannon	EL 4673	Graphite	1,532	935
Eudunda	EL 4840	Industrial Minerals	2,700	538
Cleve West	EL 4893	Graphite	1,987	538
Ediacara	EL 4869	Barite	8,913	4,172
Ediacara	PELA 567	Coal to Liquid	3,634	-
Wichelina	EL 4729	Magnesite	14,827	6,853
Termination Hill	EL 4567	Magnesite	218,278	116,708
Carrying value of exploration costs			3,501,119	5,688,265

*All tenements are owned 100% other than those marked \* which are joint ventures to earn 100% of any minerals excluding Uranium.*

**NOTE 18 - CAPITAL AND OTHER EXPENDITURE COMMITMENTS****Capital commitments relating to tenements**

The Consolidated Group is 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	781,732	1,647,871
- due within 1-5 years	300,000	105,726
- due over 5 years	-	-
	1,081,732	1,753,597

**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	-	-
- due within 1-5 years	-	-
- due over 5 years	-	-
	-	-



	Consolidated Group	
	2012	2011
	\$	\$
<b>NOTE 18 - CAPITAL AND OTHER EXPENDITURE COMMITMENTS</b> <i>continued</i>		
<b>Employment and consultant commitments</b>		
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	557,490	474,996
- due within 1-5 years	96,164	483,662
- due within 6-10 years	-	-
	653,654	958,658

Details relating to the employment contracts are set out in the Remuneration Report.

## NOTE 19 - OPERATING SEGMENTS

### Segment Information

#### Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of commodities and exploration licence cost centres as each cost centre has different cash requirements. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- Leigh Creek magnesite project
- Graphite and manganese projects
- Other exploration areas in South Australia

#### Types of products and services by segment

##### Revenue

The Group has no revenue from mining at this time.

##### Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

##### Inter-segment transactions

An internally determined transfer price is set for all inter-entity management fees. This price is based on cost plus an overhead factor. No other administration costs are charged to the two identified segments. All such transactions are eliminated on consolidation of the Groups financial statements.

##### Segment Assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instance, segment assets are clearly identifiable on the basis of the nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets and deferred tax have not been allocated to operating segments.

**NOTE 19 - OPERATING SEGMENTS** *continued**Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

*Unallocated items*

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment. Borrowings and liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings:

- interest received;
- net gains on disposal of assets;
- impairment of assets, other than exploration, and other non-recurring item of revenue or expense;

**Segment Performance**

	Exploration							
	Leigh Creek Magnesite		Graphite / Manganese		Other		Total	
	30-Jun 2012	30-Jun 2011	30-Jun 2012	30-Jun 2011	30-Jun 2012	30-Jun 2011	30-Jun 2012	30-Jun 2011
	\$	\$	\$	\$	\$	\$	\$	\$
Segment results before income tax	-	-	-	-	4,212,539	(76,530)	4,212,539	(76,530)
	-	-	-	-	4,212,539	(76,530)	4,212,539	(76,530)
<b>Reconciliation of segment results to Group net loss before tax</b>								
Unallocated income and expenses								
Interest and other income							161,044	200,305
Depreciation							(17,479)	(25,601)
Corporate overheads							(1,010,452)	(1,084,808)
Profit/(Loss) before tax							3,345,652	(986,634)
<b>Segment assets as at 30 June 2012</b>	233,105	123,561	2,376,546	1,157,312	891,468	4,407,392	3,501,119	5,688,265
Segment asset increase for the year								
- exploration expenditure capitalised	109,544	123,561	1,757,813	538,579	272,541	192,342		
- expensed during the year	-	-	-	-	(191,338)	(76,530)		
Total corporate and unallocated assets							13,195,281	2,817,558
<b>Total Group assets</b>							16,696,400	8,505,823
Segment liabilities at 30 June 2012	1,253	10,393	209,452	8,527	4,501	4,501	215,206	23,421
Total corporate and unallocated liabilities							230,622	502,176
<b>Total Group Liabilities</b>							445,828	525,597

## NOTE 20 - CASH FLOW INFORMATION

	<i>Consolidated Group</i>	
	<i>2012</i>	<i>2011</i>
	<i>\$</i>	<i>\$</i>
<b>a) Reconciliation of cash flows from operations with Profit/(Loss) from ordinary activities after income tax</b>		
Profit/(Loss) from ordinary activities after income tax	3,387,278	(976,877)
Non cash flows in operating loss		
Depreciation (net of capitalised depreciation)	17,479	25,601
Share option expense	42,725	114,084
Gain on sale of assets	(4,403,827)	-
Write down of assets	191,338	76,530
Tax expenses on capital raising costs	71,183	-
Changes in assets and liabilities;		
- (Increase)/Decrease in trade and other receivables	(65,335)	80,832
- Increase/(Decrease) in trade and other payables	52,448	444
- Increase in provisions	15,047	88,864
Net cash provided by operating activities	(691,664)	(590,522)

### b) Non Cash Financing and Investing Activities

There were no non cash financing and investing activities in 2012 or 2011.

### c) Business Combinations

There were no non cash business combinations in 2012 or 2011.

## NOTE 21 - SHARE BASED PAYMENTS

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.

No share options were issued in 2012.

The following share-based payment arrangements existed at 30 June 2011:

- 5,000,000 options were issued on 3 December 2010 at a 20 cent exercise price expiring on 30 November 2013. The options have no voting rights and are not transferable. At 30 June 2011, none of the options had been exercised. The fair value of the options on issue was \$174,000.

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

	<i>Consolidated Group</i>			
	<i>2012</i>		<i>2011</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	6,520,000	0.194	1,520,000	0.189
Granted	-	-	5,000,000	0.20
Forfeited	-	-	-	-
Exercised	(220,000)	.09	-	-
Expired	(300,000)	0.187	-	-
Outstanding at year-end	6,000,000	0.20	6,520,000	0.194
Unexercisable at year-end	2,000,000	0.20	3,000,000	0.195



**NOTE 21 - SHARE BASED PAYMENTS** *continued*

The options outstanding at 30 June 2012 had a weighted average exercise price of \$0.20 and a weighted average remaining contractual life of 1.3 years.

The fair value of options issued during 2011 as remuneration, were calculated by using a Black-Scholes option pricing model applying the following inputs:

	2012	Employees 2011 3 Dec 2010
	-	
Weighted average exercise price	-	\$0.20
Weighted average life of the option	-	3 years
Underlying share price	-	\$0.145
Expected share price volatility	-	45%
Risk free interest rate	-	4.63%

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 Statement of Comprehensive Income is \$42,725 (2011: \$109,332), which relates in full, to equity settled share-based payment transactions.

**NOTE 22 - EVENTS AFTER THE BALANCE SHEET DATE**

Other than as disclosed, there have been no material events after balance date.

**NOTE 23 - RELATED PARTY TRANSACTIONS****a) Subsidiaries**

Interests in subsidiaries are disclosed in *Note 9*.

**b) Key Management Personnel**

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

**c) Other transactions with related parties**

Norman Waterhouse Lawyers were paid a total of \$13,242 (2011: \$24,417) for legal services.

Mr Greg English is a partner of Norman Waterhouse Lawyers.

**NOTE 24 - FINANCIAL INSTRUMENTS****a) Financial Risk Management Policies**

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

**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 2012 approximately 99% 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.

**NOTE 24 - FINANCIAL INSTRUMENTS** *continued*

	<i>Weighted Average Effective Interest Rate</i>		<i>Effective Interest Rate</i>		<i>Non Interest Bearing</i>		<i>Total</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>%</i>	<i>%</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
<b>Financial Assets</b>								
Cash at bank	0.30%	0.30%	24,417	327,039	-	-	24,417	327,039
Deposits	5.49%	5.92%	12,728,479	2,347,137	-	-	12,728,479	2,347,137
Receivables	-	-	-	-	319,189	37,857	319,189	37,857
<b>Total Financial Assets</b>			<b>12,752,896</b>	<b>2,674,176</b>	<b>319,189</b>	<b>37,857</b>	<b>13,072,085</b>	<b>2,712,033</b>
<b>Financial liabilities</b>								
Payables	-	-	-	-	(339,591)	(421,084)	(339,591)	(421,084)
Financial liabilities	-	10.40%	-	(1,690)	-	-	-	(1,690)
<b>Total Financial Liabilities</b>			<b>-</b>	<b>(1,690)</b>	<b>(339,591)</b>	<b>(421,084)</b>	<b>(339,591)</b>	<b>(422,774)</b>
<b>Total Net Financial Assets/ (Liabilities)</b>			<b>12,752,896</b>	<b>2,672,486</b>	<b>(20,402)</b>	<b>(383,227)</b>	<b>12,732,494</b>	<b>2,289,259</b>

**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.

*Interest Rate Sensitivity Analysis*

At 30 June 2012, 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>2012</i>	<i>2011</i>
	<i>\$</i>	<i>\$</i>
<b>Change in loss</b>		
- Increase in interest rates by 2%	36,000	41,000
- Decrease in interest rates by 2%	(36,000)	(41,000)
<b>Change in equity</b>		
- Increase in interest rates by 2%	36,000	41,000
- Decrease in interest rates by 2%	(36,000)	(41,000)

**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 Statement of Financial Position 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 Statement of Financial Position 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.

	Parent Entity	
	2012	2011
	\$	\$
<b>NOTE 25 - ARCHER EXPLORATION LIMITED PARENT COMPANY INFORMATION</b>		
<b>Parent Entity</b>		
<b>Assets</b>		
Current Assets	10,280,659	680,928
Non-current assets		
- Loans to subsidiaries	-	5,088,355
- Investments in subsidiaries	26,623	2,479,739
Other non-current assets	123,196	105,523
Total assets	10,430,478	8,354,545
<b>Liabilities</b>		
Current Liabilities	232,808	481,903
Loans from subsidiaries	691,746	-
Non current Liabilities	16,188	-
Total Liabilities	940,742	481,903
<b>Equity</b>		
Issued Capital	15,528,406	10,699,698
Reserves	238,787	196,062
Retained Earnings	(6,277,457)	(3,023,118)
Total Equity	9,489,736	7,872,642
<b>Financial Performance</b>		
Loss for the year	(3,254,340)	(998,003)
Other comprehensive income	-	-
Total comprehensive income	(3,254,340)	(998,003)
<b>Guarantees in relation to relation to the debts of subsidiaries</b>		
Archer Exploration Limited has not entered into a deed of cross guarantee with its wholly-owned subsidiaries Pirie Resources Pty Ltd, Kensington Exploration Pty Ltd, Leigh Creek Magnesite Pty Ltd, Archer Energy & Resources Pty Ltd and SA Exploration Pty Ltd.		
<b>Contingent Liabilities &amp; Commitments</b>		
Lease expenditure commitments	-	-
Employment and consultant commitments	653,654	958,658
<b>Contractual Commitments</b>		
There are no contractual capital commitments for the acquisition of property, plant or equipment		





## *Directors' Declaration*

The Directors of the Company declare that:

- 1 the Financial Statements and Notes as set out on pages 62 to 86 are in accordance with the *Corporations Act 2001* and:
  - a) comply with Australian Accounting Standards and International Financial Reporting Standards as disclosed in Note 1; and
  - b) give a true and fair view of the financial position as at 30 June 2012 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 13<sup>th</sup> September 2012*



## Independent Audit Report



Grant Thornton

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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 "Entity"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Entity 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 Entity are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, 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 which require us to 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 Audit Report



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 opinion.

### Independence

In conducting our audit, we have complied with the 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 consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### Report on the remuneration report

We have audited the remuneration report included in pages 51 to 56 of the directors' report for the year ended 30 June 2012. The Directors of the Entity 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 Audit Report*



Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Archer Exploration Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

*Grant Thornton*

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP  
Chartered Accountants

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

J L Humphrey  
Partner

Adelaide, 13 September 2012



## Additional Information

Compiled as at 4 September 2012

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below.

### Audit Committee

Details of the Company's Audit and Risk 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.

### 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:

Name	No. of Ordinary Share	%
GDE Exploration (SA) Pty Ltd (Dragon Mining Investments A/C)	7,534,798	9.15
GDE Exploration (SA) Pty Ltd (A1 English Family A/C)	4,416,846	5.36

### Distribution of equity by security holders

Ordinary Shares

Holdings	Shares	Options
1 – 1,000	39	-
1,001 – 5,000	215	-
5,001 – 10,000	275	-
10,001 – 100,000	735	-
100,001 and over	111	5
<b>Total</b>	<b>1,375</b>	<b>5</b>

Unmarketable Parcels	Minimum parcel size	Holders	Units
Minimum \$500.00 parcel at \$0.16 per unit	3,125	135	231,242

### Voting Rights

At meeting of members or classes of members:

#### Ordinary shares

On a show of hands, every person present who is a member or proxy, attorney or representative of a member has one vote.

#### Options

No voting rights.

## Additional Information

### Twenty largest holders of each class of quoted equity security

#### Ordinary Shares

Rank	Name	Units	% Issued capital
1	GDE Exploration (SA) Pty Ltd	7,534,798	9.15
2	GDE Exploration (SA) Pty Ltd	3,605,346	4.38
3	Mr Peter Irwin	2,000,000	2.43
4	Ms Alice McCleary + Mr Brian John McCleary	1,928,264	2.34
5	JP Morgan Nominees Australia Limited	1,916,186	2.33
6	Deborah Annette Rossiter	1,883,679	2.29
7	Mr Mejed Alameddine	1,500,000	1.82
8	HSBC Custody Nominees (Australia) Limited	1,336,258	1.62
9	Victor M Lewis Pty Ltd	1,165,351	1.41
10	EAP Nominees Pty Ltd	1,110,346	1.35
11	Carnethy Evergreen Pty Limited	1,075,000	1.31
12	Tets Pty Ltd	1,000,000	1.21
13	Mr Craig Gooden + Mrs Virginia Gooden	985,347	1.20
14	Mr Heung Ming Lam	858,351	1.04
15	Gleneagle Securities Nominees Pty Limited	763,899	0.93
16	Vison Pty Ltd	700,000	0.85
17	Mr Xiang Jin Lin	699,424	0.85
18	Navigator Australia Ltd	662,815	0.80
19	Citicorp Nominees Pty Limited	644,445	0.78
20	Mr Sheldon Finn & Mrs Rochelle Finn	556,451	0.68
Total		31,925,960	38.77

### 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.

### Stock Exchange on which the Company's Securities are quoted

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

### On Market Buy-back

There is currently no on-market buy-back.



## Corporate Directory

### **Archer Exploration Limited**

ABN 64 123 993 233

### **Directors**

Greg English

*Chairman*

Gerard Anderson

*Managing Director*

Tom Phillips AM

*Director (Non-Executive)*

Alice McCleary

*Director (Non-Executive)*

### **Company Secretary**

Craig Gooden

### **Registered Office**

Level 1, 28 Greenhill Road

Wayville SA 5034

Telephone +61 8 8272 3288

Facsimile +61 8 8272 3888

[www.archerexploration.com.au](http://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



