Archer Exploration Limited

ANNUAL REPORT 2016

ARCHER

Contents

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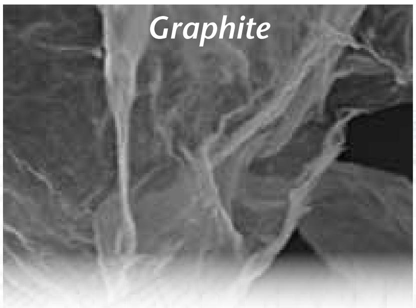
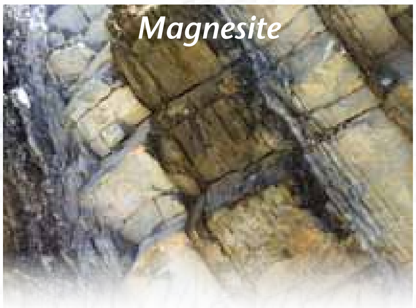
Forward looking statements: The information in this report is published to inform you about Archer Exploration Limited and its activities. Some statements in this report regarding estimates or future events are forward looking statements. Although Archer Exploration Limited believes that its expectations 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 2015—2016

- *High purity graphene made from Campoona Graphite.*
- *Magnesite test work has advanced the Mount Hutton Central Magnesia Project, with commercialization trials to commence.*
- *Mount James barite makes API grade barite.*
- *Mineral Claim granted for Campoona Graphite Project in November 2015.*
- *Board appointments to assist in marketing of Industrial Mineral portfolio.*
- *Archer's Graphite Projects on the Eyre Peninsula provide an opportunity to develop a long life, low capital cost operation in South Australia.*





Operating and Financial Review

Chairman's Review

Dear Fellow Shareholders,

I am pleased to report that the Company took significant steps in the development of our graphite and magnesite projects during the year.

At Campoona, the Company continued the preparation of the mining lease application and undertaking further graphite and graphene product testing. The amount of work required to complete a mining lease application for Campoona should not be understated. The Company has undertaken a lot of community engagement, test work, studies and associated technical activities associated with the preparation of the mining lease application. Whilst this work in crucial in the development of the Campoona Project, the information is not in a form that can be released to the ASX which means that the limited news flow does not reflect the large amount of work that has been undertaken at Campoona.

The Leigh Creek Magnesite Project provides us with a great opportunity to develop a large, world class deposit, at low capital cost. In late 2015 the Company commenced negotiations with two separate South Australian companies regarding access to rotary kilns for the purpose of toll processing Leigh Creek Magnesite.

Whilst magnesite negotiations have taken longer than expected, the Company is encouraged by the response of these companies and their willingness to continue to engage with the Company. We are hopeful that we can complete negotiations with either or both of these companies in early 2016/17.

The addition of Paul Rix to the Board has greatly helped the development of the Leigh Creek Project. Paul has a track record of success in the marketing and sales of magnesia products and his experience will prove invaluable as we move toward the next stage of development.

During the year Gerard Anderson resigned as Managing Director of Archer. Gerard joined Archer as a non-executive director in July 2008 and was appointed as Managing Director in October 2010 and in July 2013 his contract was extended for a further 3 years until 30 June 2016. Gerard was instrumental in the early exploration and subsequent development of the graphite and graphene projects and Archer has built a strong technical foundation as a result of this work. The Board is appreciative of Gerard's efforts and contribution to Archer and wish him well with his future endeavours.

In 2017, we have another exciting year ahead of us, both for project delivery at Campoona and Leigh Creek. Our strategy is to unlock the value of the Company's significant graphite and magnesite resources. We have the skills, teamwork and commitment to deliver on our plans, safely, profitably and sustainably.

We could not have achieved what we did over the past year without the strong support shown by our loyal shareholders. The Company's share purchase plan was an overwhelming success and gave loyal shareholders the opportunity to increase their investment in the Company. With your support, Archer now stands on the threshold of delivering its transformational strategy to develop the Company's extensive graphite and magnesite resources.

Finally, the Board and Management would like to thank all employees, contractors and suppliers for their hard work and support during the year.

Yours sincerely,

Greg English
Executive Chairman

Operating and Financial Review

Strategy

The Company's focus is on identifying, developing and commercialising (through sale or development) mineral deposits in Australia. During the 2015-16 period, the Company focused on the development of the Eyre Peninsula Graphite Project and the Leigh Creek Magnesite Project whilst also assessing the potential of the Company's remaining tenements.

In 2016/17 the Company will continue mineral exploration and research and development opportunities on its projects in South Australia. Key priorities include:

- *The granting of a mining lease for the Eyre Peninsula Graphite Project.*
- *Undertaking bulk calcining trials of the Leigh Creek magnesite.*
- *Reviewing the Company's tenement portfolio to identify prospects that warrant further exploration, divestment or relinquishment.*
- *Identifying new development opportunities.*

Summary of financial performance

The net loss of the Group for the 2015/16 financial year was $1,296,884 (2015: $978,910) which includes mineral exploration impaired and written off $476,114 (2015: $85,168).

During the year ended 30 June 2016 the Group's net cash position increased by $302,756 from $1,680,965 (1 July 2015) to $1,983,721 (30 June 2016). This net increase was predominantly influenced by cash inflows associated with the share purchase plan ($2,034,356) and a research and development tax incentive ($545,500), which were offset largely by outflows associated with exploration expenditure ($838,413) and wages, corporate & administration expenditure ($1,453,223).

At the end of the year the Group had a net cash balance of $1,983,721 (2015: $1,680,965) and no corporate debt. The net assets of the Group increased by $704,798 from $14,845,983 (1 July 2015) to $15,550,781 (30 June 2016) primarily as a result of the increase in cash attributable to the share purchase plan ($2,034,356) and the research and development tax incentive ($545,500).

Changes in share capital

The number of shares on issue increased from 84,520,409 to 110,194,306 during the year as a result of the successful share purchase plan. A further 22,035,974 share options were issued in relation to the share purchase plan and 5,000,000 share options were issued to a director (Paul Rix) after 30 June 2016.

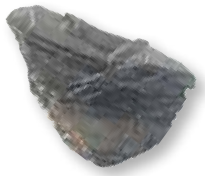
During the year Archer undertook a Share Purchase Plan (SPP) which closed on 7 June 2016 and was heavily oversubscribed, with the Company receiving valid applications for $2,239,000 from 361 shareholders. This represented $204,644 above the maximum allowable under the ASX Listing Rules, which is 30% of the Company's share capital. The Board of Archer elected to increase the previously announced cap of $500,000 to $2,034,356, being the maximum allowable, and undertook a scale back of valid acceptances on a pro-rata basis.

Shareholders who were allotted shares under the SPP were also entitled to apply for one free attaching unlisted option for every share allotted to them under the SPP. The free attaching options have an exercise price of $0.12 and expiry date of 30 June 2017.

Eyre Peninsula Graphite Project

The Eyre Peninsula Graphite Project comprises Campoona Shaft, Campoona Central, Waddikee and Sugarloaf project areas.

Campoona Shaft is the Company's main priority. The Company lodged a Draft Mine Lease Proposal to the South Australian Government on 14 May 2015 for the mining of up to 1.65 million tonnes of graphite ore from Campoona Shaft.



The graphite ore from Campoona Shaft will be processed at a graphite facility to be built about 15km away from Campoona Shaft on the Company's own land at Sugarloaf near Darke Peak on Eyre Peninsula, South Australia. The plan is to produce 10,000 tonnes of high purity battery-grade graphite (>98.5% Cg) per year. The Company anticipates submitting the final Mine Lease Proposal in Q3/Q4 calendar 2016, which will include applications for Miscellaneous Purpose Licences (MPL's) for the processing facility and water pipeline corridors.

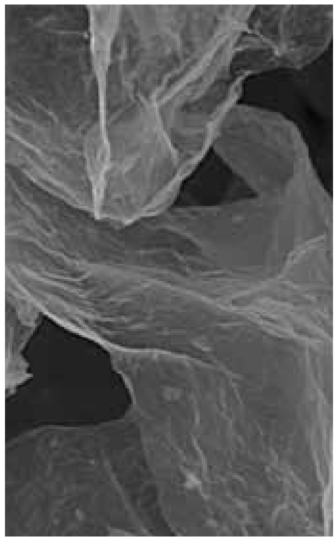
The combined Resources within Campoona Shaft, Central Campoona and Wilclo South form a JORC 2012 Resource of 8.55 Mt grading 8.8% Cg for 770,800 tonnes of contained graphite (using a 5% Cg lower cut-off grade).

Waddikee EL4662 hosts the Wilclo South graphite deposit and the Wilclo, Balumbah, Francis, Ridgestone, Cut-Snake, Argent and Lacroma graphite prospects. Wilclo South contains flake graphite (Extra Large, Large, Medium and Fine flake) complimenting the fine crystalline graphite at Campoona.

The Sugarloaf deposit is a unique form of carbon with many attributes that open up the possibility of the carbon being used as a soil conditioning agent in broad acre dryland agricultural applications.

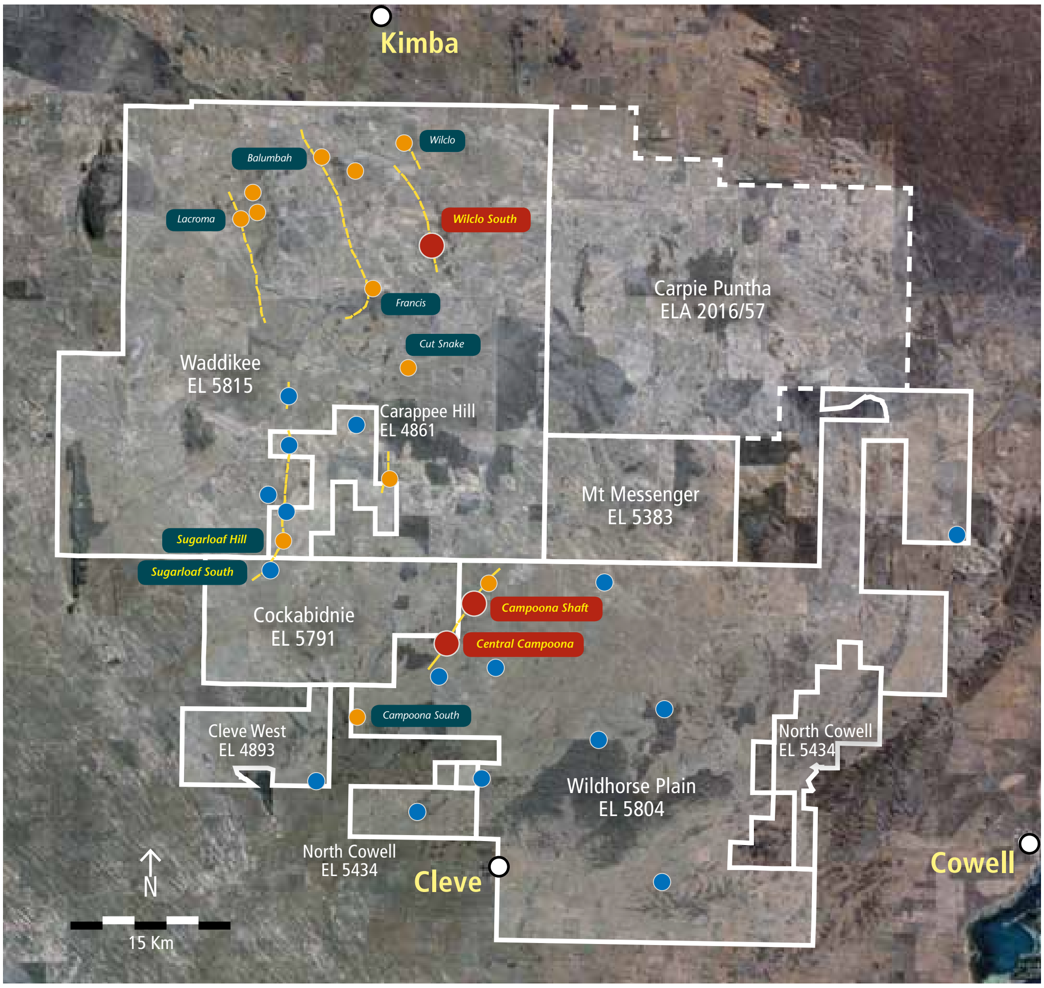
Global JORC Graphite Resources (5% Cg cut-off)

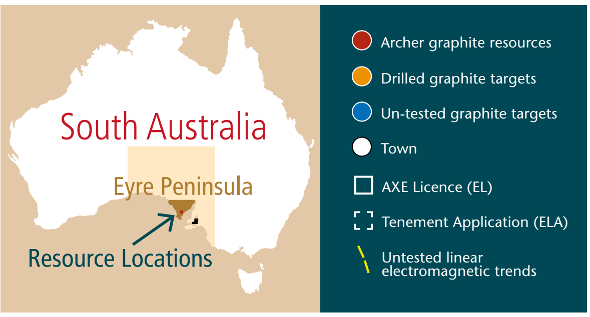
Area	*Resource Category*	*Tonnes (Mt)*	*Graphitic Carbon %*	*Contained Graphite (t)*
Campoona Shaft	Measured	0.32	12.7	40,600
	Indicated	0.78	8.2	64,000
	Inferred	0.55	8.5	46,800
Central Campoona	Indicated	0.22	12.3	27,100
	Inferred	0.30	10.3	30,900
Wilclo South	Inferred	6.38	8.8	561,400
Total Resource		**8.55**	**9.0**	**770,800**



Eyre Peninsula Graphite Project covers an area of 2,122km² which hosts 4 principal graphite deposits:

- Campoona Shaft, Central Campoona, Wilclo South and Sugarloaf.





Archer's Eyre Peninsula Graphite Project:

- EL4861 Carappee Hill
- EL4893 Cleve West
- EL5791 Cockabidnie
- EL5383 Mt Messenger
- EL5434 North Cowell
- EL5815 Waddikee
- EL5804 Wildhorse Plain

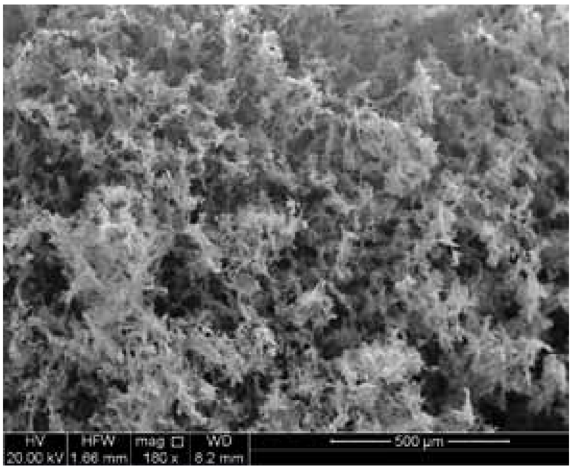
The following sections provide a summary of the 3 principal graphite deposits and one prospect - Campoona Shaft, Central Campoona, Sugarloaf & Lacroma.

Campoona Shaft

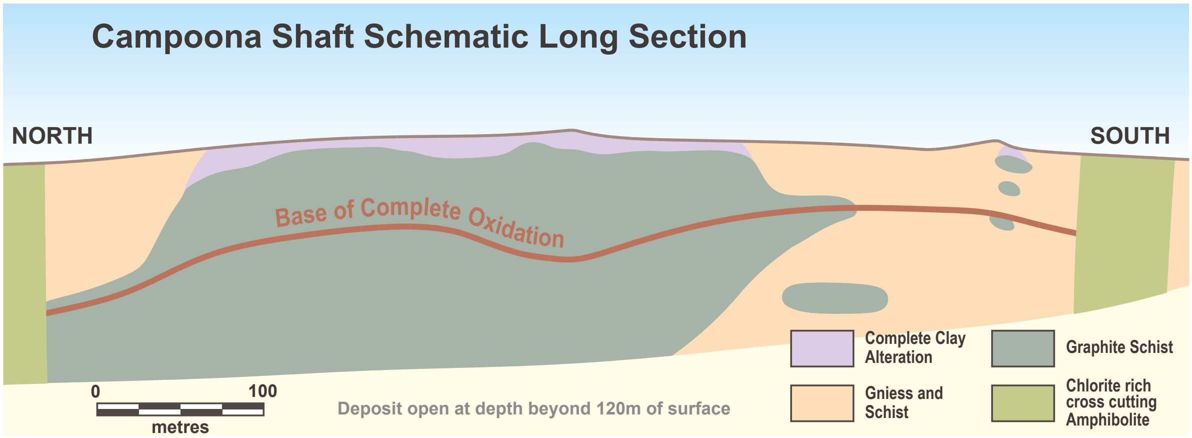
The Campoona Shaft deposit outcrops along a north east strike and dips steeply to the northwest.

Campoona graphite concentrates can produce pure graphene (>99.9%) with outstanding electrical properties that can be used in solar cells, photovoltaics, wearable/printable electronics, supercapacitors, batteries and sensors.

Archer's hub of Eyre Peninsula graphite projects are based around three distinct graphite products, ultra-pure graphite at Campoona Shaft, Central Campoona and Lacroma, agri- business carbon at Sugarloaf, and flake graphite at Waddikee.



Graphene aerogel.



Campoona Shaft Schematic long section

Summary of Archer-University of Adelaide research program.

Methods and methodology

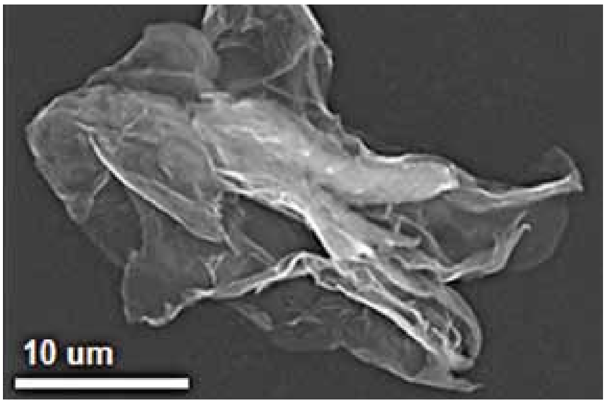
Graphene from concentrated Campoona graphite (>99%) was prepared by the direct liquid phase mechanical exfoliation method developed by the University of Adelaide. This mechanical exfoliation process is scalable and requires fewer steps compared with the conventional methods which involve the preparation of graphene oxide then chemical reduction to produce graphene.

Results and Conclusions

- ***The process ability of graphene exfoliation process***

  Graphene production yield and exfoliation rates are dependent on the presence of impurities in graphite. Highly concentrated Campoona graphite (>99%) achieved high yields (>80%) and far higher exfoliation rates in producing graphene compared to a control sample (lower grade graphite concentrates grading <94% Cg) using the same process.

  Archer's highly concentrated graphite (>99%) will allow for more efficient scalable graphene production compared with graphene sourced from lower grade graphite.



Graphene products made from Archer graphite

Selected graphene products produced from Archer graphite (graphene conductive film, conductive flexible polymer, graphene composite and electrodes for battery and supercapacitor applications.

'Not all graphite can make graphene of such high purity.'

Graphene powder and graphene water dispersion prepared from Archer graphite.

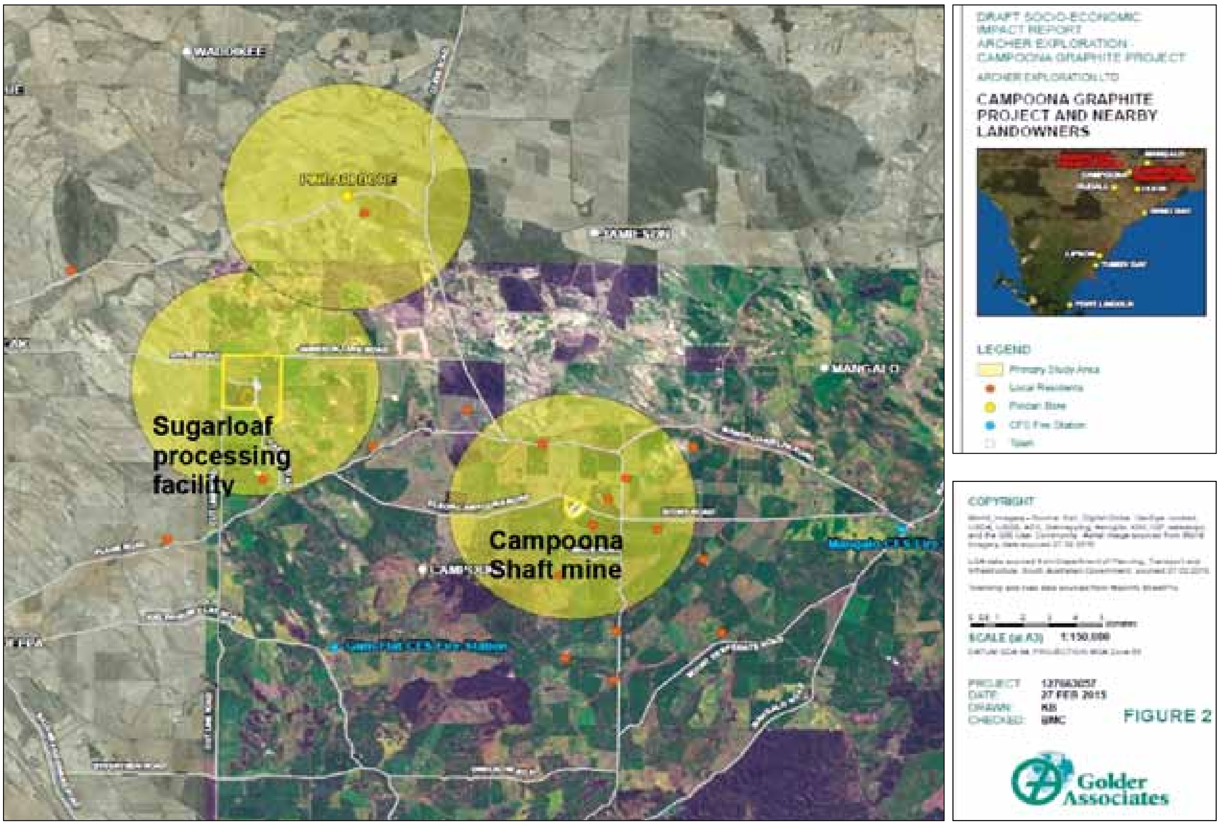
Campoona Shaft Mine Lease Proposal Summary

During the year further feedback was received from the various regulators and that feedback incorporated into the preparation of the Final MLP. The pegging and application process for the Mineral Claim (MC4393) was undertaken. The two miscellaneous purpose licences have been surveyed and the applications await submission.

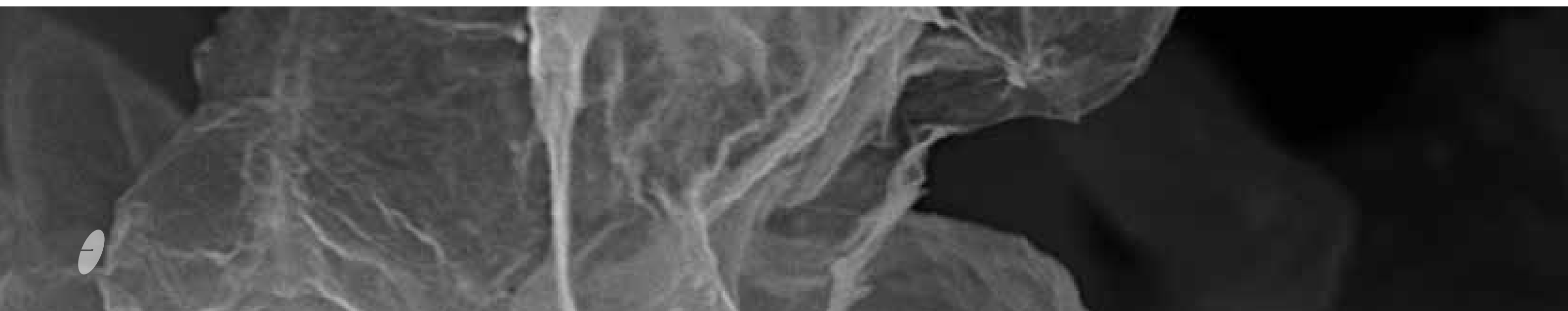
All of the studies supporting the MLP were carried out assuming a 140,000tpa ore treatment rate, that is, the maximum rate which has greatest impacts and aspects for the community and environment. The studies highlight the small operational footprint and the low impact on the community and environment whilst at the same time providing significant benefits for the local community and region.

Whilst the MLP covered the likelihood of commencing at a lower production rates and expanding throughput in response to marketing opportunities, the Company has modified the MLP prior to final submission to expressly include an initial small-scale operation. The initial small-scale phase will limit the capital requirement during the product accreditation phase and importantly will include the ability to convert some or all of the graphite produced into very high purity graphene.

Once the final Mine Lease Proposal (MLP) is submitted to the regulator and their review completed, the MPL will become a public document subject to a formal review process and open for general public comment.



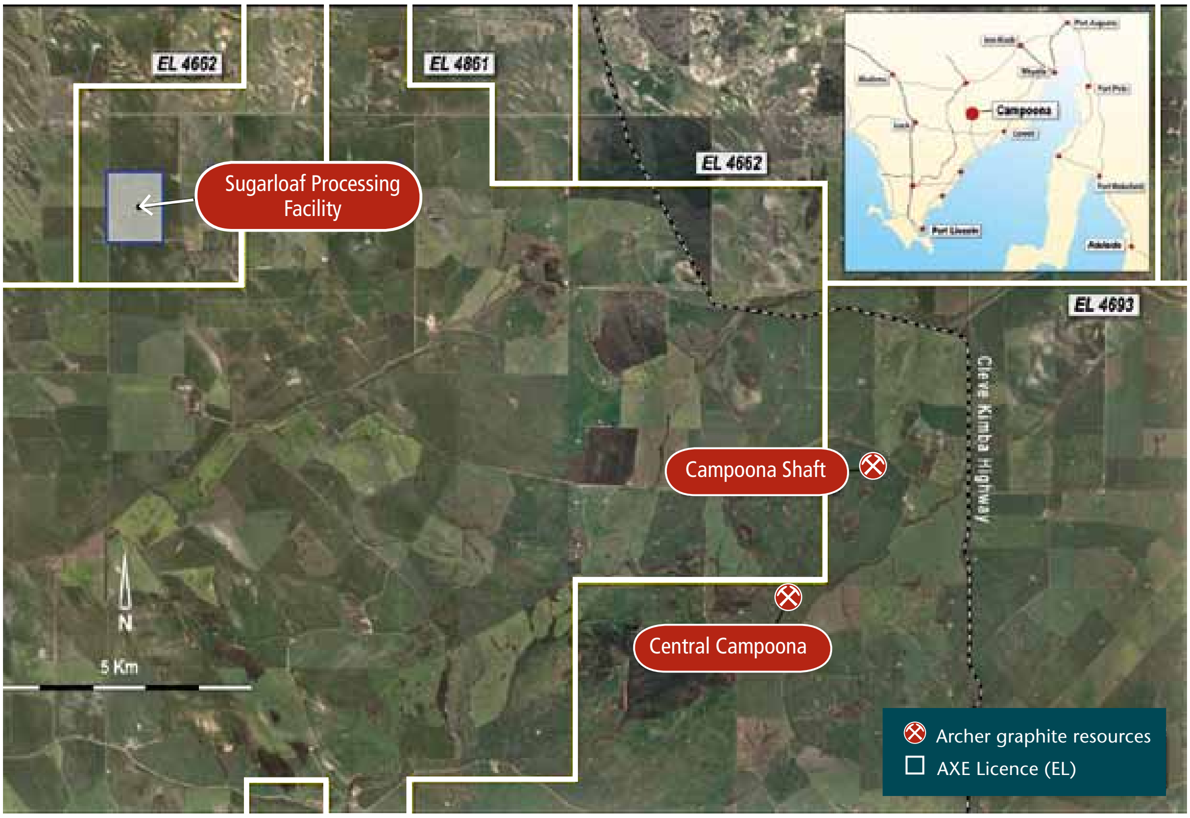
Location of the Campoona Shaft mine, Sugarloaf processing facility and Pindari borefield.



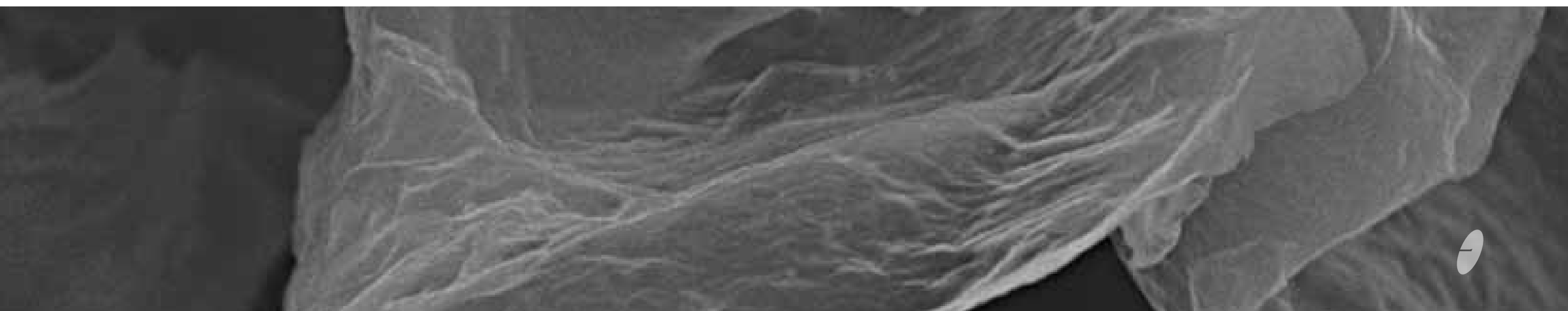
Central Campoona

Processing characterisation tests were conducted on composite material from the Central Campoona deposit, which sits just to the southwest of Archer's Campoona Shaft deposit. The testwork used the same flotation and leaching conditions as for Campoona Shaft. Both deposits are in close proximity to each other, contained within the same graphite lenses and have very similar properties for processing purposes.

Central Campoona metallurgical tests delivered very high purity levels to 98.9% contained graphite (Cg) which means that the same process flow circuit can be used without amendment to refined graphite from this deposit.



Map showing close proximity of Campoona Central to Campoona Shaft and Sugarloaf Processing Facility.

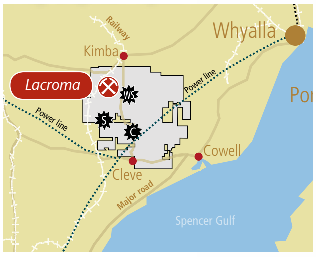


Lacroma

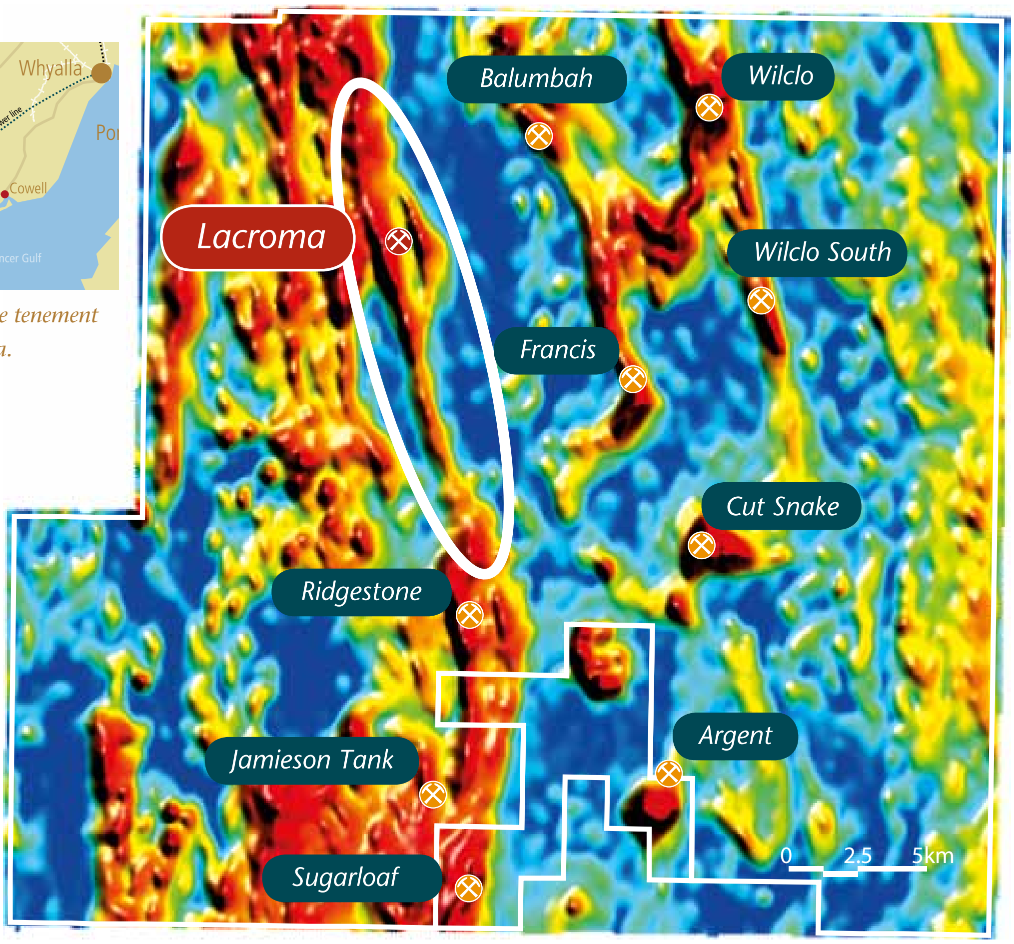
Waddikee EL5815

Waddikee EL5815 is located between the townships of Cleve and Kimba on central Eyre Peninsula. The 999km² tenement is situated immediately north of Archer's main graphite interests on EL5815 Wildhorse Plain. Waddikee is highly prospective for graphite, manganese, iron (magnetite and hematite), gold, base metals (Ag-Pb-Zn-Cu) and uranium.

Previous exploration by Archer had focused on extensions to the Wilco South Inferred Resource (6.38 million tonnes grading 8.8% Cg (using 5% Cg lower cut-off grade)) as a part of reviewing the historical work it was noted intervals from one hole at the Lacroma target had not been submitted for analyses. Material was collected and it was noted that the graphite was similar to the material at Campoona Shaft. A composite sample from Lacroma was subjected to the purification process developed for Campoona Shaft and the results indicated that a product grading 98.6%Cg.



Location of Waddikee tenement on the Eyre Peninsula.



Electromagnetic image of EL5815 showing main graphite deposits

* This information was prepared and first disclosed under the JORC Code 2004 (Monax Mining Limited, ASX Announcement 26 August 2013). It has not been upgraded since on the basis that the information has not materially changed since it was last reported.

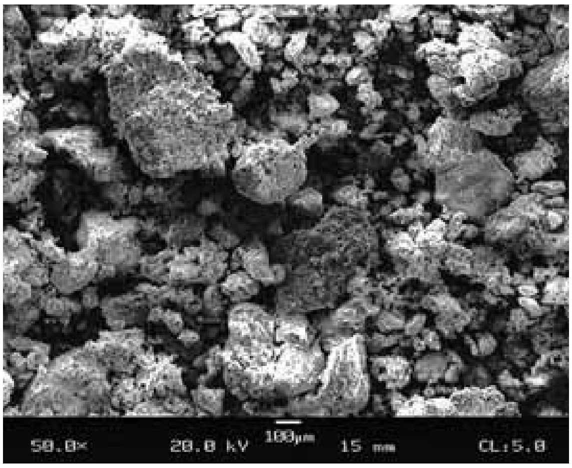
Sugarloaf Deposit

Geology and Exploration Summary

Sugarloaf graphite (SLG) – a unique form of carbon

Whilst Sugarloaf was originally regarded, and historically mined, as a graphite deposit comprehensive testing by Archer has shown that Sugarloaf is not a typical crystalline graphite deposit but a carbon that can be readily processed to produce graphene and has many attributes that make it potentially suitable as a soil conditioner/fertilizer.

Previous test work by Archer identified that Sugarloaf samples were high in carbon but that much of the carbon was non-Graphite carbon. Further the samples had a high resistivity in contrast to crystalline graphite that has a very low resistivity.



Sugarloaf carbon showing matted porous texture.

Sugarloaf Test Summary

The test work completed so far has shown that:

- Macro and micro nutrients present in the Sugarloaf graphite are in both soluble and slow soluble forms, which in terms of release performance may be advantageous providing fast immediate release and slow release of nutrients for a long period of time.
- Successful addition of other micro nutrients (i.e. Zn) is demonstrated and their release in the Sugarloaf sample and nutrient performance shows that the raw material can be easily tailored for specific applications.
- No effect on soil pH.
- Removal of Na ions was proved by using a simple washing process.
- Improves the soil wettability.
- The trace elements in the Sugarloaf graphite can be targeted for soil conditioning of dry land pastures and/or trees and shrubs including citrus and other fruit trees, conifers, climbers and vines and foliage plants.
- Archer has worked with expert agronomists to design the next stage of testing centering on plant trails at the Waite Campus where all stages of the plant growth cycle can be monitored and soil tests undertaken to understand how the carbon reduces or eliminates the propensity for soils to become water repellent.

Plant trials

Monitoring of soil and plant studies is in progress and will include measuring soil pH before and after planting, measuring wheat shoot and root lengths and acid digestion of shoots and roots to determine nutrient up-take to the plants.

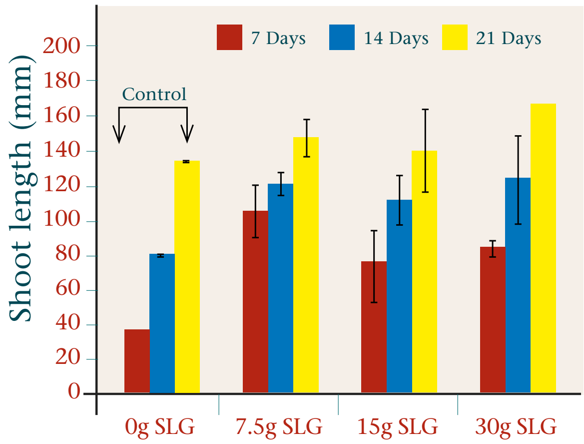
Macro and micro nutrients present in the Sugarloaf graphite are in both soluble and slow soluble forms, which in terms of release performance may be advantageous providing fast immediate release and slow release of nutrients for a long period of time.

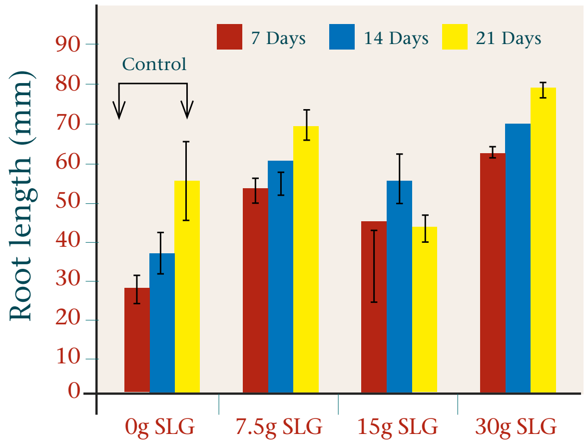
Visual observations (above) for preliminary results showed that soil spiked with Sugarloaf carbon increases shoot and root length of the wheat and after 21 days there was a >30% increase in the shoot length and a >45% increase in the root length (left image).

Results of tests with Sugarloaf graphite (SLG)

Control (no SLG)

Soil with SLG





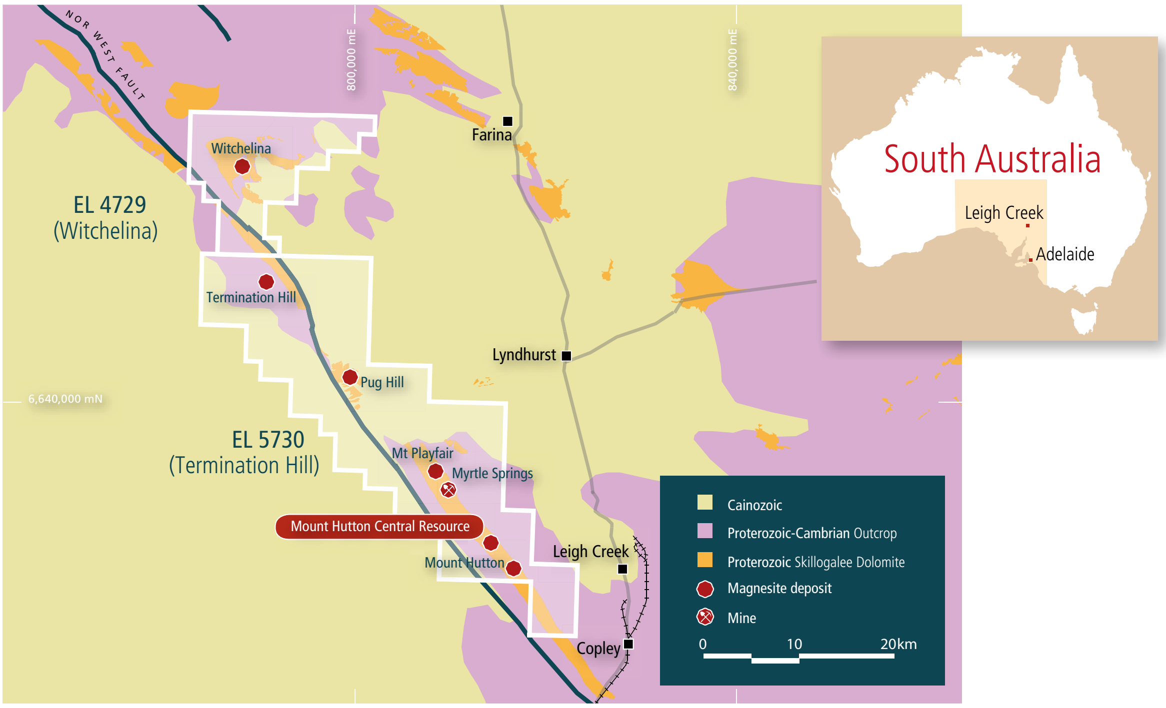
Difference in shoot and root length, width and strength for wheat after 21 days.

Leigh Creek Magnesite Project

Archer through its wholly owned subsidiary Leigh Creek Magnesite Pty Ltd owns the Leigh Creek magnesite deposit which at 453 million tonnes grading 41.4% MgO is the world's largest cryptocrystalline magnesite deposit.

Archer owns Exploration Licence EL 5730 (Termination Hill) and Exploration Licence EL 4729 (Witchelina) in the state of South Australia, Australia. EL 5730 was granted by the Government of South Australia in September 2010. It includes the Mount Hutton South, Mount Hutton Central, Mount Playfair, Pug Hill and Termination Hill magnesite resources. EL 4729 was granted by the Government of South Australia in May 2011. It includes the Witchelina magnesite resource.

The Deposits are located near the town of Leigh Creek which until recently housed and supported workers of the now closed Coal Mine. Leigh Creek is located approximately 260km north of the industrial city of Port Augusta, 350km north of the industrial city of Port Pirie and 570km north of Adelaide.



Archer's mineral tenements at Leigh Creek.

Witchelina magnesite.

Leigh Creek Magnesite Project Location.

The Leigh Creek region has been mined for magnesite since the early 1900's. However, these operations have typically been on an irregular and small scale basis. More recently, during the late 1990's and early 2000's, Magnesium Developments Limited ('MDL') and associated companies undertook significant exploration, environmental and project study work to complete a Bankable Feasibility Study (BFS) to construct a 50,000tpa magnesium metal project using magnesite resources extracted from the deposits (the MDL Project). While the MDL Project ultimately did not proceed, the extensive exploration work that was carried out on the Deposits, as part of the BFS, identified a JORC Resource of 453 million tonnes grading 40-43% MgO, making the deposits the largest known high value cryptocrystalline magnesite resource in the world.

The two types of magnesite are defined by their crystal size – cryptocrystalline (amorphous or fine size crystal typically 1-10 microns) and macrocrystalline (sparry or large size crystal up to several centimetres). The following Scanning Electron Microscopy (SEM) image clearly shows the fine crystal structure of cryptocrystalline magnesite at high levels of magnification. The macrocrystalline crystal is so much larger that it does not fit in the image frame.

Archer has undertaken further geological, technological and marketing due diligence to develop an indicative project concept for the production of Dead Burned Magnesia (DBM) and Caustic Calcined Magnesia (CCM) for supply into high value, high growth market applications.

The Opportunity for Archer

The proposed Archer Project involves a relatively straightforward open cut mining operation followed by on-site crushing and screening beneficiation. The mining operation could use contract mining services to reduce upfront capital expenditure. Detailed geological data, mine reserves calculations, mine pit design, waste dump design, mining schedule plans, environmental baseline studies and risk analysis currently exist to support the startup of mining operations and could be quickly updated.

CCM could be produced using conventional, reliable and proven Herreshoff multiple hearth furnace (MHF) technology. Metallurgical testwork indicates the simple crushing and screening process will, after calcination, produce a CCM with MgO> 95.0%, SiO_2< 2.5% and CaO< 1.5% and be suitable for a range of market applications.

The Deposits are strategically located and are within close proximity to industrial infrastructure. The town of Leigh Creek is connected to Port Augusta and Port Pirie by a standard gauge rail line and all weather bitumen roads.

The LCM Project marketing plan is based on selling 60-150ktpa of CCM with the key target market being the high growth, high value and high margin metal precipitation applications segment. The remaining sales will be into waste and water treatment applications, plant and animal nutrition, iron and steel fluxing and pulp and paper/cellulose applications. Target markets are geographically close and can be efficiently accessed.

In April 2016, Archer announced that the Mount Hutton Central Mineral Resource (below) had been upgraded to JORC 2012 standard. Archer has elected to upgrade its reporting for Mount Hutton Central from JORC 2004 to JORC 2012 standard in preparation for the next phase of the continuing development of the Leigh Creek Magnesite Project. The JORC 2012 Mineral Resource at Mount Hutton Central is reported below as:

Leigh Creek Magnesite Project: *JORC 2012 Compliant*

Area	*Resource Category*	*Tonnes (kt)*	*Mg (%)*	*MgO (%)*
Mount Hutton Central	Measured	12,059	24.2	40.1
	Indicated	5,460	24.3	40.2
Total Resource		**17,523**	24.2	**40.3**

Logistics for future proofing

In March 2016 Archer announced the results of a Project Study which examined possible open pit mining and processing options and provided a strong case for undertaking a bulk trial as a prerequisite to firming up mining and processing plans. The Study provides strong impetus for the Project and Archer will use it as a basis for further evaluation towards potential development and discussions with third parties in seeking access to rail, calciners and associated infrastructure.

Archer has been in negotiations with several parties regarding access to the infrastructure required to develop the magnesite project, see below image. The existing infrastructure is open to third party access meaning that Archer should be able to develop the project without having to construct expensive infrastructure such as rail.

Bowmans Intermodal HoA

The Magnesite Project is located in close proximity to both the Outback Highway (a sealed road to Adelaide) and the Leigh Creek rail line (refer to 5). Bowmans Intermodal, a joint venture Toll Group and Balco and AGT, are looking to develop an intermodal facility for the unloading of rail freight near Leigh Creek. On 24 May 2016 Archer announced to ASX that it had entered into a heads of agreement ('HoA') to identify opportunities to jointly progress the development of rail infrastructure at Leigh Creek.

The proposed shared rail facility would be located adjacent to the existing rail loop at the Leigh Creek Coalfield (image on following page). Under the terms of the HoA Archer and Bowmans will work together to:

- Identify potential shared infrastructure solutions and infrastructure development opportunities in the Leigh Creek Area.
- Develop a budget and schedule for transportation solutions required by Archer to allow the commercialisation of the Leigh Creek Magnesite Project.

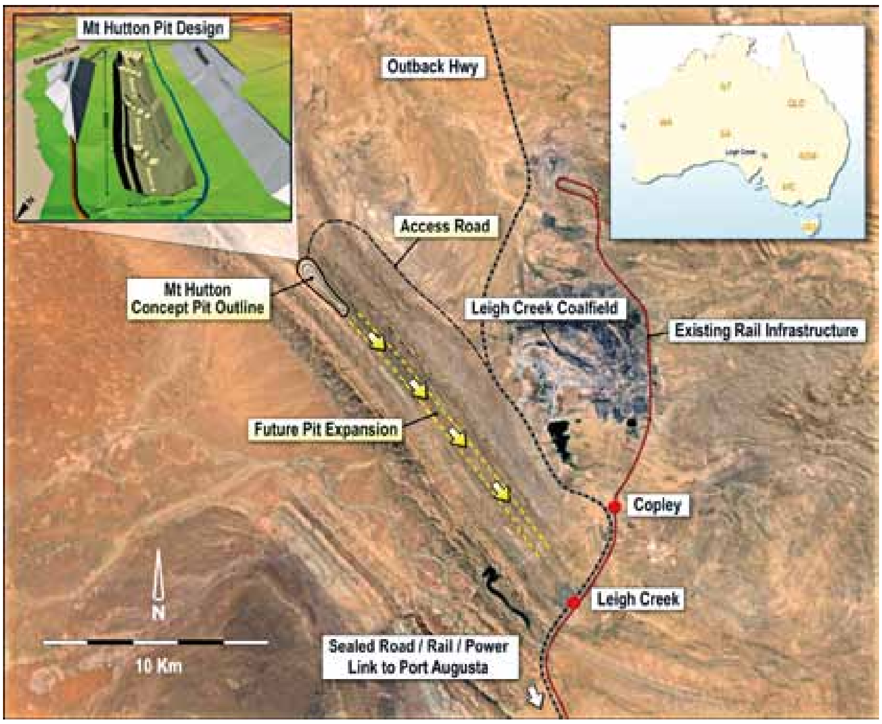
The ability to align the infrastructure development strategies of both companies should help to facilitate economic growth in the Leigh Creek region as well as lead to reduced capital costs and lower operating costs, especially in relation to the transport of Archer's magnesite.

Magnesite Ore Supply MOU

On 20 April 2016 Archer announced that it had signed a non-binding Memorandum of Understanding ('MOU') with Calix Limited, a local company with an operating magnesite mine, which will accelerate development of the Magnesite Project.

Under the MOU, the parties will work together to execute a legally binding agreement ('Supply Agreement') for the long term supply and mining of magnesite at Leigh Creek. Negotiations have been ongoing and in the ASX announcement Archer stated that it expected to execute the binding Supply Agreement in late Q2 calendar 2016. Negotiations for the finalisation of the binding Supply Agreement have been ongoing and Archer now expects to sign a binding agreement in late September / early October 2016.

The signing of a binding Supply Agreement will greatly reduce the number of approvals required by Archer, the development timetable and the cost to commence magnesite production from the Magnesite Project.



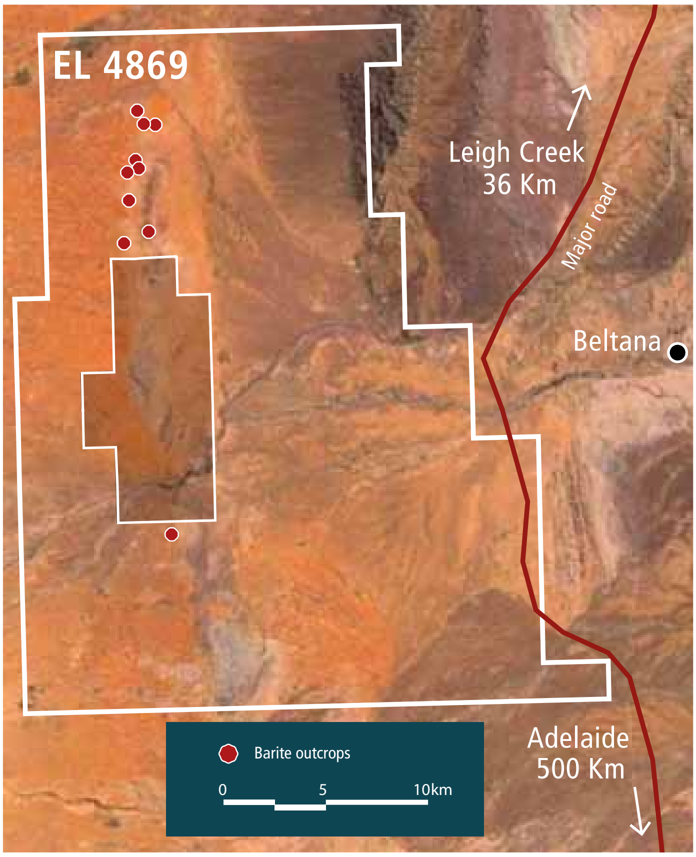
Leigh Creek Magnesite Project conceptual development layout.

Barite

Beltana Barite

The Beltana barite deposits occur on EL 4869 held by Archer Energy and Resources Pty Ltd (a wholly owned subsidiary company of Archer Exploration Ltd). The tenement is located 25 km South West of Leigh Creek, South Australia and approximately 70km by road to the outcrops.

Barite is a naturally-occurring barium sulphate ($BaSO_4$) and is the predominant barium mineral used for industrial purposes. Barite is utilised primarily used in oil and gas well drilling where its high specific gravity (drilling standard based on an SG of 4.2), its chemical and physical inertness, relative softness and very low solubility make it ideal as a weighting agent to suppress high formation pressures and prevent blowouts. The Project's location close to the Cooper Basin (which is a major oil and gas producing basin) presents an opportunity for Archer to provide crushed and bagged barite for local domestic consumption.



Exploration

The Beltana barite ($BaSO_4$) prospect within EL 4869 hosts a number of barite veins varying in width from 0.2m to >1m and strike over many 100's of metres.

A bulk sample of 60kg of barite sample material was tested by an independent laboratory ALS (Optimet) in Adelaide in early September 2015. The sample comprised a collection of outcrop samples from the Mount James 5 location (following page). Results of the test work are shown following.

The results of preliminary test work to date confirm that material from Mount James 5 will produce API drilling grade barite.

API Specification 13A (4.2 density)

	API 13A Specification	*Archer test results*	*Does Archer barite meet the standard?*
Density (g/ml)	4.2 (min)	4.27	✓ YES
Water-soluble alkaline earth metals, as calcium (mg/kg)	250 (max)	213	✓ YES
Residue > 75 µm (mass fraction)	3.0% (max)	2.2%	✓ YES
Particle less than 6 µm in equivalent spherical diameter (mass fraction)	30% (max)	14.9%	✓ YES

U.S. Environmental Protection Agency Specification (offshore drilling)

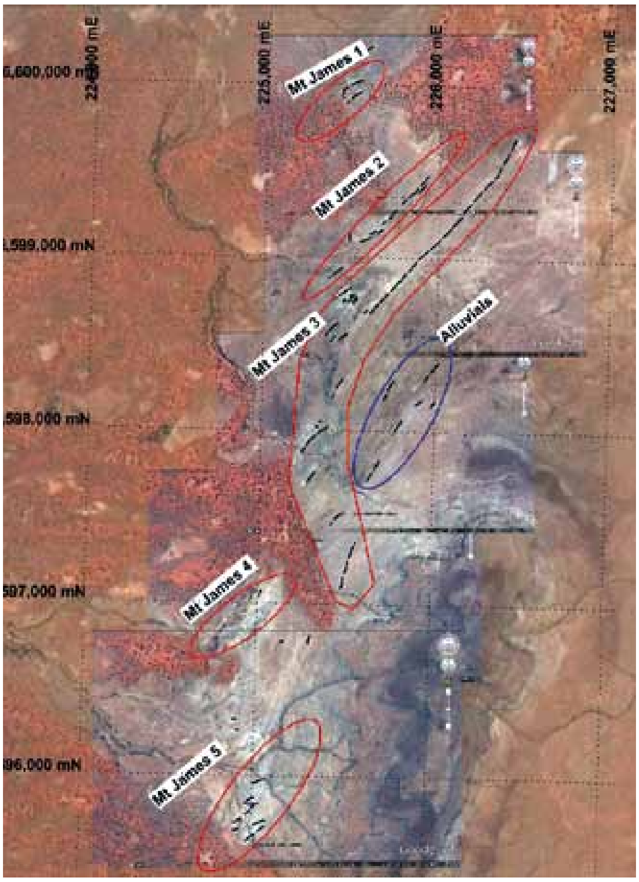
	EPA 1997 Specification	*Archer test results*	*Does Archer barite meet the standard?*
Mercury (mg / kg of barite)	1.0 (max)	0.019	✓ YES
Cadmium (mg / kg of barite)	3.0 (max)	0.11	✓ YES

At Mount James, primary barium ($BaSO_4$) mineralisation outcrops as a series of veins that strike in a rough north south orientation. Limited exploration has shown through mapping and trenching that exposed barite vein sets can occupy widths from 80 m up to 150m wide, the strike of the veins is obscured by thin (<1m) Aeolian sands.

Potential for mineralisation at Mount James is considered high. It is postulated that the Project vein system may host significant barium mineralisation along vein sets and at depth and there has been no drilling or exploration at Mount James for barite. Archer considers that the Mount James vein system is similar in style to the Oraparinna Mine which has been in continuous operation since 1940.

Potential for additional vein sets and barite exists away from the main Mount James vein sets. There are a number of targets that have not been adequately tested and that remain prospective for Mount James style barite mineralisation. The area has been underexplored for barite, historical exploration throughout the region has focussed on deep coal and lignite mineralisation with minimal barite exploration taking place.

The Mount James Project area is located within close proximity of existing infrastructure which is open to third party access. The Leigh Creek to Port Augusta rail line, a 125kv overhead power line and the main Outback Highway sealed road all traverse the eastern edge of EL 4869 and are within 25km of the main outcropping barite vein sets. The township of Leigh Creek has a school, hospital, police station and a regional runway with flights from Adelaide.



Location of individual Mount James prospects.

Mount James 3looking South, steep East dip width 1m.

Panoramic view showing the numerous vein sets in southern area (Mount James 3).

During September 2015, barite veins within the Mount James area of EL 4869 were mapped by, Archer. A total of six different areas were mapped. Key findings from the mapping include:

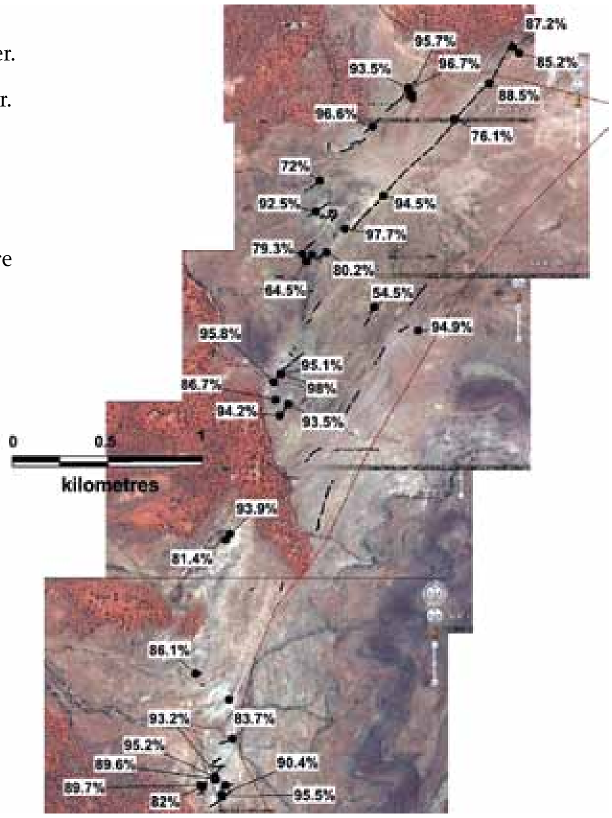
- 8 separate outcropping barite veins with widths > 1.0m were mapped with one of the veins outcropping for 1.3km before disappearing under cover.
- Previously unreported barite veins were discovered and mapped.
- Strong potential for further discovery exists under the alluvial cover to the east of known outcrops.
- Barite veins were mapped over a distance of > 3.5km. Additional 9km of potential strike in the Warioota Area (southern part of tenement) has not been explored.
- Numerous quartz rich barite veins were noted but not included in the mapping. Only barite with the potential for direct shipping ore was mapped.
- Most barite veins disappear under shallow cover along strike.
- Google imagery shows the presence of barite to the west and south of the current outcrops, but these areas were not mapped.
- < 30% of the favourable strike has been explored for barite with no previous exploration of barite undercover.
- Strong potential exists for further discovery under cover.

Mount James is considered very prospective for barite. Potential for the discovery of additional mineable veins undercover is considered high.

The barite veins at Mount James are hydrothermal in nature and have exploited fracture systems in the host rocks for mineralisation controls, it is these same controls that give rise to the unseen potential.

Alluvials looking south, example of barite veins existing as sub-crop and buried under alluvials.

Mount James 5 an example of strongly crystalline and near white in colour barite.



Beltana barite showing all BaSO4 assays

Gold

During the year low level exploration continued to advance the gold prospects within the tenements located to the North East of Burra, EL 5769 (Napoleons Hat) and EL 5433 (North Burra). This low level exploration resulted in another tenement being applied for and granted during the year, EL 5794 Blue Hills.

Wonna & Watervale

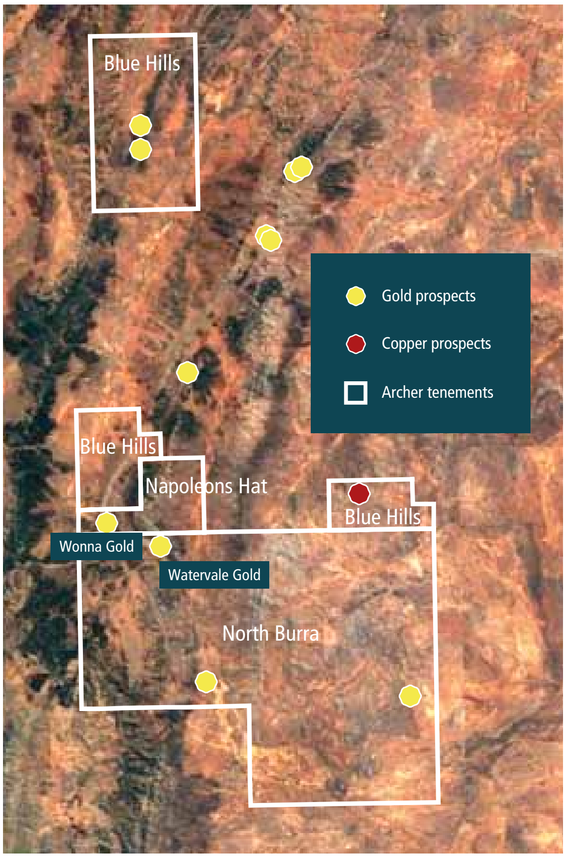
Archer first sampled for gold in 2010 and over a couple of sampling programs identified two mineralised prospects, Wonna and Watervale. Within the North Burra tenement there are numerous historical gold and copper anomalies the Wonna and Watervale Prospects appear to be the most promising gold targets.

At Watervale the most significant historical results were from quartz veined sandstone samples located 50m apart on a NW trending ridge which returned 6.42 g/t and 3.84 g/t gold. Previous sampling of quartz veins at Wonna returned grades up to 4.77 g/t and 3.09 g/t (refer to left image) on a vein set that trends parallel to the western vein set that is the subject of the latest rock chip results.

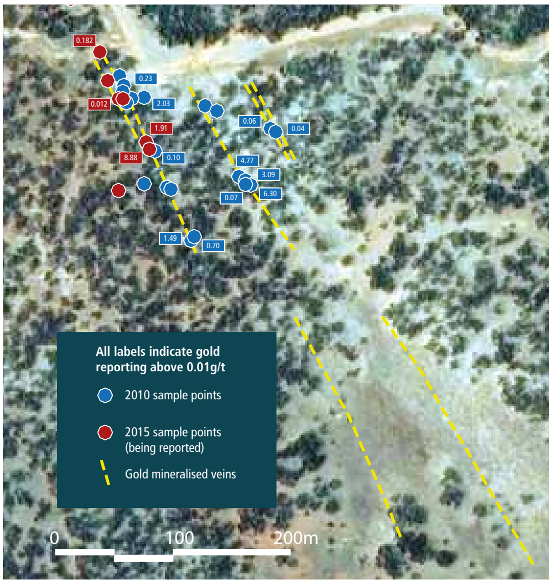
The most significant results from the latest sampling at Wonna come from quartz vein samples which returned 8.88 g/t gold and 1.91 g/t gold. Samples collected to the northwest reported minor gold up to 0.18 g/t. No samples were collected south east along the structure. The local area had been historically mined for gold on and off since the mid to late 1800's. The gold is hosted in quartz veins within sandstones.

Gold exploration by Archer has been focused on the Wonna and Watervale prospects where previously reported rock chip sampling along the Wonna (below) shows a strongly mineralised vein set.

The Wonna has a history of gold production since its discovery in the 1800's, with historical mining records report high grades reaching 1 ounce to the ton. Plates 1 to 2 show some of the line of workings and shafts present at the Wonna.



Location of Wonna and Watervale gold prospects.



Wonna location of reported rock chips above 0.01g/t Au.

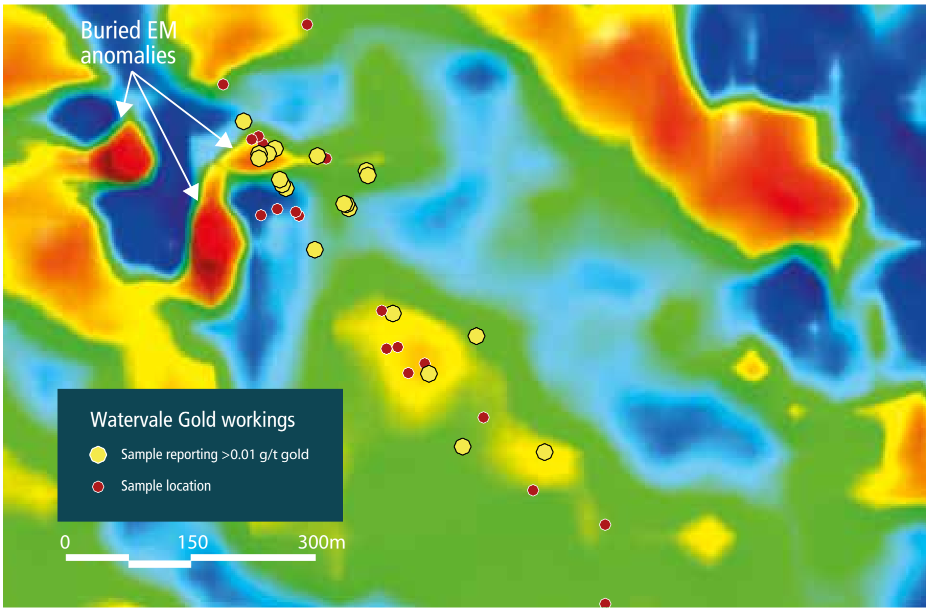
Plate 1: Looking South along one set of workings.

Plate 2: Shaft on the Wonna workings.

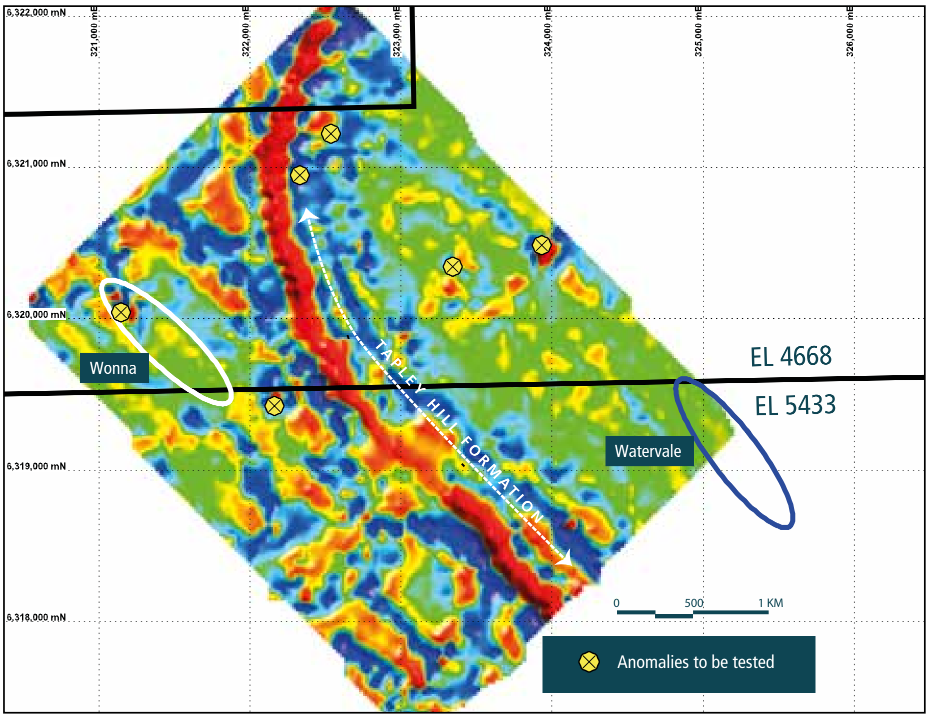
In the district, gold is associated with iron oxides (at the surface), which have resulted from the weathering of sulphides. Deeper sulphide targets are supported by the presence of electro-magnetic anomalies below the gold mineralisation at the Wonna. The below image is a 'slice' at 80m depth, where the discrete EM anomalies can be seen under and adjacent to the Wonna gold mineralisation. The presence of sulphides and associated gold will be tested at a later date with drilling.

In addition to the Wonna, several other sites are identified as having anomalous EM signatures (bottom image) and require additional investigation. These are located North-West of the Watervale prospect, south of Wonna, cross cutting the Tapley Hill Formation and other stratigraphy. The Tapley Hill Formation is a natural conductor (high EM response) as it contains amounts of pyrite and carbon. It is not a drill target.

The strong Tapley Hill Formation conductor is important as it shows the orientation of the local geology. The EM signatures that cross cut the geology are of particular interest for sites for gold mineralisation.



EM signature below the Wonna gold mineralisation



Regional electro-magnetic (EM) anomalies.

Blue Hills

This tenement was applied for to cover possible extensions to the Wonna workings as well as other gold prospects much further to the north, with a third section to cover historic copper workings identified by the station manager. The workings do not appear to have any identification and have not been drill tested by historical explorers. Malachite can be clearly seen on the surface as fracture infil and pervasively staining the country rock, indicating a possible igneous source.

The mineralisation appears as a fracture infil along the contact of the unconformable contact between the Tapley Hill Formation and the overlying Wilyerpa Formation. Additional work is required to determine the significance of these workings as a potential prospect for Copper ± Gold.

Blue Hills: North end of workings, looking SW.

Corporate

Paul Rix was appointed a director of Archer on 08 February 2016 as part of the Company's strategy to develop the Leigh Creek Magnesite Project. Mr Rix is an experienced mining professional with more than 30 years' experience in the marketing of industrial minerals and products. From 2003 – 2013, Mr Rix worked for Queensland Magnesia Pty Ltd (QMAG) as General Manager Marketing where he was responsible for the development and implementation of QMAG's long-term marketing strategy, focusing on diversification of magnesia products and markets whilst maintaining high plant utilisation. His magnesia marketing responsibilities stretched across six continents and more than 30 countries.

During 2015/16 Gerard Anderson resigned as Managing Director of Archer. Gerard was a director of Archer for nearly 8 years and Managing Director for approximately 5 ½ years. As Managing Director, Gerard was the driving force behind Archer's development of the Eyre Peninsula Graphite Project including the initial exploration work, completion of all technical studies and the preparation of the mining lease application. Through the work of Gerard and his team, Archer has built a strong foundation for the future development of Campoona.

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.

Factors and risks affecting future performance

The following describes some of the external factors and business risks that could have a material impact on the Company's ability to deliver it's strategy:

Access to funding

The Company's ability to continue to explore for minerals and to develop and evaluate its projects is contingent upon its ability to source timely access to additional funding as it required.

Government approvals

In 2016/17 the Company plans to lodge a mining lease application with the South Australian Government for the development of the Campoona graphite project. Whilst the Company has actively engaged with the local community and the South Australian Government regarding the mining lease application, there is no guarantee that the Company's application will be successful and that the mining lease will granted.

There is also a risk that although the mining lease may be granted, it may be granted on such terms and with restrictions imposed that make the project unviable to pursue.

Offtake and customers

The success of both the magnesite and graphite projects is dependent on Archer securing long term offtake agreements with key customers. Unlike gold, copper and base metals magnesia and graphite are industrial minerals and require contracts with customers as opposed to selling commodities on the spot market. Archer has not yet entered into any offtake agreements.

Commodity demand and risk

The Company is exposed to adverse global demand for commodities, in particular graphite and magnesia products, and/or adverse commodity price movements. This could affect the Company's ability to raise funds to advance its projects.

Access to infrastructure

The success of the Leigh Creek Magnesite Project is dependent on the Company gaining access to third party infrastructure such as rail, rotary kilns and port infrastructure. The Company cannot economically

Mineral Resources

Graphite Resources: *JORC 2012 Compliant*

Project	*Category*	*Cut-off grade (% Cg)*	*Tonnes (Mt)*	*Graphitic Carbon %*	*Contained Graphite (t)*
Campoona Shaft	Measured	>5.0	0.32	12.7	40,600
	Indicated	>5.0	0.78	8.2	64,000
	Inferred	>5.0	0.55	8.5	46,800
Central Campoona	Indicated	>5.0	0.22	12.3	27,100
	Inferred	>5.0	0.30	10.3	30,900
Wilclo South	Inferred	>5.0	6.38	8.8	561,400
Total Resource			**8.55**	**9.0**	**770,800**

Magnesite Resources: *JORC 2012 Compliant*

Project	*Category*	*Tonnes (kt)*	*Mg (%)*	*MgO (%)*
Mount Hutton Central	Measured	12,059	24.2	40.1
	Indicated	5,460	24.3	40.2
Total Resource		**17,523**	24.2	**40.3**

Magnesite Resources: *JORC 2004 Compliant*

Project	*Category*	*Tonnes (Mt)*	*Mg (%)*	*MgO (%)*
Mount Hutton South	Indicated	72	-	42.9
	Inferred	53	-	42.9
Mount Playfair	Indicated	21	-	42.5
	Inferred	23	-	42.5
Pug Hill	Indicated	10	-	42.7
	Inferred	10	-	42.7
Termination Hill	Measured	4	-	42.8
	Indicated	5	-	42.8
	Inferred	20	-	42.8
Witchelina	Measured	23.7	-	40.0
	Indicated	94	-	40.0
	Inferred	99	-	40.0
Total Resource		**434.7**	-	**41.4**

Exploration Licenses (South Australia)

Project	*Tenement*	*Commodity*
Carappee Hill	EL 4861	Graphite
North Burra	EL 5433	Base Metals
North Cowell	EL 5434	Base Metals
Wildhorse Plain	EL 5804	Graphite
Napoleans Hat	EL 5769	Gold
Cleve West	EL 4893	Graphite
Ediacara	EL 4869	Barite
Ediacara	PELA 567	Coal to Liquids
Wichelina	EL 4729	Magnesite

Project	*Tenement*	*Commodity*
Termination Hill	EL 4567	Magnesite
Spring Creek	EL 5540	Base Metals
Mt Messenger	EL 5383	Graphite
Collaby Hill	EL 5553	Base Metals
Waddikee	EL 5815	Graphite
Cockabidnie *	EL 5791	Graphite
Blue Hills *	EL 5794	Copper/Gold
Carpie Puntha	ELA 2016/57	Lithium
Frome	ELA 2016/71	Lithium

* *Granted during the year*

All tenements are owned 100% by Archer and its subsidiaries except for EL 5804 where Samphire Uranium Limited has the rights to explore for, and mine, uranium. On 31/08/16 Archer announced that it had entered into a joint venture agreement with Cobalt Bull Pty Ltd which allows Cobalt Bull to earn a 75% interest in tenements EL 5749, 5433, 5540 and 5794. Cobalt Bull's obligation to spend funds to earn the 75% interest is subject to certain conditions precedent which have not yet been satisfied.

Competent Person Statement

The Mineral Resources Statement as a whole has been approved by Wade Bollenhagen who consents to its inclusion in the Annual Report in the form and context in which it appears.

The exploration results and exploration targets 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 twenty 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 2012 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.

Campoona Shaft and Central Campoona

The information pertaining to the Campoona Shaft and Central Campoona Mineral Resource estimates were:

- detailed in an announcement entitled "Archer Exploration announces Australia's largest JORC 2012 Graphite Resources", lodged with ASX on 6 August 2014.
- prepared by Mr B Knell who is a Member of the AusIMM and peer reviewed by Dr C Gee who is also a Member of the AusIMM (CP). At the time of the report Mr Knell and Dr Gee were both time employees of Mining Plus Pty Ltd and both qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Wilclo South

The information pertaining to the Wilclo South Mineral Resource estimate was:

- extracted from an announcement entitled "Maiden Wilclo South Graphite Resource", lodged by Monax Mining Limited with ASX on 26 August 2013.
- prepared by Ms Sharon Sylvester who at the time of the report Ms Sylvester was a full time employee of AMC Consultants Pty Ltd and qualifies as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Leigh Creek Magnesite Project

The information pertaining to the Mt Hutton Central Mineral Resource estimate was:

- extracted from an announcement entitled "Mount Hutton Central JORC 2012 Resource", lodged with ASX on 12 April 2016.
- prepared by Mr Wade Bollenhagen who is a full time employee of Archer Exploration Ltd and qualifies as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The information relating to the Leigh Creek Magnesite Resource (excluding Mount Hutton Central) was first reported by Pima Mining NL on 3 September 1999 and was prepared in accordance with the JORC Code 1999.

Confirmation by Archer

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements referred to above and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Comparison with previous Mineral Resource Estimates

There has been no change in the Campoona Shaft or Central Campoona Mineral Resource estimate stated as at 30 June 2015. Accordingly, no comparison is provided.

There has been no change in the Wilclo South Mineral Resource estimate stated as at 30 June 2015. Accordingly, no comparison is provided.

On 12 April 2016 Archer announced that the Mount Hutton Central Mineral Resource was updated from JORC 2004 to JORC 2012 standard. As a result, the Mount Hutton Central Mineral Resource increased from 16.53 million tonnes @ 39.3% MgO (30 June 2015) to 17.52 million tonnes @ 40.2% MgO (30 June 2016).

There has been no change in the Leigh Creek Magnesite Project (excluding Mount Hutton Mineral Central) Mineral Resource estimate as at 30 June 2015. Accordingly, no comparison is provided.

Leigh Creek Magnesite Historic Resource

The Leigh Creek Magnesite Project Mineral Resource was first reported by Pima Mining NL on 3 September 1999. Archer has since updated the Mount Hutton Central Resources to JORC 12 standard however, the remaining Leigh Creek Magnesite Project Mineral Resource (comprising Witchelina, Termination Hill, Pug Hill, Mt Playfair and Mount Hutton South) is a historic estimate prepared by Pima Mining NL. There has been no material change or re-estimation of those mineral resources since they were first reported or as a result of the introduction of the 2012 JORC Code. Future estimations will be prepared in accordance with 2012 JORC Code. Archer's focus is on the development of the Mount Hutton Central Mineral Resource, which the Company believes, has the potential to support a long life operation. As such, no work was done during the year on updating and reporting the remaining Leigh Creek Magnesite Project Mineral Resource historic estimate in accordance with JORC Code 2012. Archer intends to upgrade the historic estimate to JORC 2012 standard in the near term.

Governance

Archer maintains strong governance and internal controls in respect of its estimates of Mineral Resources and the estimation process. Archer ensures its sampling techniques, data collection, data veracity and the application of the collected data is at a high level of industry standard. Contract RC and diamond drilling with QA/QC controls approved by Archer are used routinely. All drill holes are logged by Archer geologists.

Archer employs QC procedures, including addition of standards, blanks and duplicates ahead of assaying which is undertaken using industry standards and fully accredited laboratories. Assay data is continually validated and stored.

Geological models and wireframes are built using careful geological documentation and interpretations. Resource estimation is undertaken using industry standard estimation techniques and include block modelling. Application of other parameters including cut off grades, top cuts and classification are all dependent on the style and nature of mineralisation being assessed.

Directors' Report

Directors' Report
Information on continuing Directors

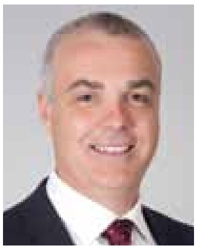
Your Directors present this report on Archer Exploration Limited and its consolidated entities ('Group' or 'Archer'), for the year ended 30 June 2016.

The Operating and Financial Review (which includes the Chairman's Review) of this Annual Report is incorporated by reference into, and forms part of, this Directors' Report.

Directors

The following Directors were in office at any time during the reporting period.

- *Greg English*
- *Tom Phillips AM*
- *Alice McCleary*
- *Paul Rix (appointed 8 February 2016)*
- *Gerard Anderson (resigned 8 June 2016)*



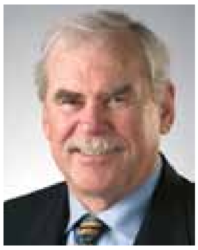
Greg English
LLB, BE (Mining)
Executive Chairman

Greg English is a qualified mining engineer and lawyer and has spent 25 years working in the resources industry. Greg has a First Class Mine Manager's Ticket and has gained considerable experience in the development of new mining projects and the safe and efficient operation of open pit and underground mining operations.

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 projects and to identify new business development opportunities. Greg is also Chairman of Core Exploration Ltd (ASX:CXO) and West African Gold Ltd and a non-executive director of Leigh Creek Energy Ltd (ASX:LCK).

Interest in Shares and Options: 9,076,644 ordinary shares and nil options.

Special Responsibilities: Chairman and CEO



Tom Phillips AM
MBA FAICD
Director (Non-Executive)

Tom Phillips retired as a senior automotive industry Director and CEO in 2005. Since then he has held Board positions in several not-for-profit organisations, private and public companies, and State and Federal Government entities. He is currently Chair of Flinders Partners Pty Ltd and is Vice President of the Legacy Club of Adelaide. Tom's past experience includes Director of Australia Post, Chair of Safe Work Australia and presiding member of SafeWork SA.

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

Interest in Shares and Options: 1,335,709 ordinary shares and 170,363 unlisted options to acquire further ordinary shares.

Special Responsibilities: Member, Audit & Risk Management Committee.

The above named Directors held office during and since the end of the financial year unless otherwise stated.

Information on continuing Directors

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

Paul Rix
B.Com FAICD
Director (Non-Executive)

Damien Connor
CA GAICD AGIA
CFO / Company Secretary

Alice McCleary Alice McCleary is a Chartered Accountant. She is Chairman of UraniumSA Limited (ASX listed). She is a member of the South Australian Government's Minerals and Energy Advisory Council, and a councillor of the South Australian Chamber of Mines and Energy (SACOME). She is a former Director of Adelaide Community Healthcare Alliance Inc (ACHA), Benefund Ltd and Forestry Corporation of South Australia, and a former member of the Corporations and Markets Advisory Committee (CAMAC).

Previous leadership roles include Vice-President of the South Australian Chamber of Mines and Energy (SACOME), 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.

Interest in Shares and Options: 2,298,627 ordinary shares and 170,363 unlisted options to acquire further ordinary shares.

Special Responsibilities: Chair, Audit & Risk Management Committee.

Paul Rix was appointed as a Director of the Company on 8 February 2016. Paul Rix is an experienced mining professional with more than 30 years' experience in the marketing of industrial minerals and products. From 2003 – 2013, Mr Rix worked for Queensland Magnesia Pty Ltd (QMAG) as General Manager Marketing where he was responsible for the development and implementation of QMAG's long-term marketing strategy, focusing on diversification of magnesia products and markets whilst maintaining high plant utilisation. His magnesia marketing responsibilities stretched across six continents and more than 30 countries.

Interest in Shares and Unlisted Options: Nil ordinary shares and 5,000,000 Unlisted Options to acquire further ordinary shares.

Special Responsibilities: Member, Audit & Risk Management Committee.

Damien Connor was appointed Company Secretary on 1 August 2014. Damien performs the financial/ accounting role in the Company as well as the secretarial duties. Damien has been a member of the Institute of Chartered Accountants since 2002 and is a Graduate of the Australian Institute of Company Directors and a Member of the Governance Institute of Australia. Damien has been employed in the resources sector since 2005. He also provides Company Secretary and Chief Financial Officer services to other ASX-listed and unlisted entities.

The above named Directors held office during and since the end of the financial year unless otherwise stated.

Significant Changes in State of Affairs

The Directors are not aware of any 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

- On 6 July 2016, 684,211 Performance Rights lapsed. The criteria for vesting of these Performance Rights for the performance period 1 July 2015 to 30 June 2016 was not achieved.
- On 12 August 2016, 22,035,974 unlisted options (SPP Options) were issued to shareholders who successfully applied for options under the prospectus dated 27 June 2016. SPP Options have an exercise price of $0.12 each and expire on 30 June 2017.
- On 31 August 2016 the Company announced it had executed a legally binding Farmin and Joint Venture Agreement (JVA) with Cobalt Bull Pty Ltd (Cobalt Bull) covering Archer's non-core exploration assets in South Australia's mid north region.

  Under the terms of the JVA, Cobalt Bull will pay Archer $200,000 cash and sole fund A$2.0 million on exploration and other related exploration activities on EL 5433 (Burra North – cobalt & manganese), EL 5540 (Spring Creek - copper), EL 5749 (Napoleons Hat - gold), and EL 5794 (Bull Hills - gold & copper) (collectively the Tenements) to earn a 75% interest in the Tenements. Cobalt Bull must spend the $2.0m within 3 years to earn the 75% interest.

  The Key Terms of the JVA, including conditions precedent were detailed in the ASX announcement dated 31 August 2016.
- On 12 August 2016, 5,000,000 unlisted options (Rix Options) were issued to Director Paul Rix following shareholder approval at the General Meeting held on 5 August 2016. Rix Options have an exercise price of $0.15 each and expire on 31 January 2019.

  These options were agreed to be granted to Paul Rix by resolution of the Board on 01 February 2016, prior to his appointment as a Director. Under accounting rules, the options are required to be expensed in the financial year using 01 February 2016 as the provisional grant date, even though shareholder approval to issue the options to Mr Rix was not received until after year end. Refer Note 20 b) for further details of amounts included in the Statement of Profit & Loss and Other Comprehensive Income during the year.

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. The names and roles of the Company's key management personnel during the year are:

- Mr Greg English — *Chairman – Executive*
- Mr Tom Phillips AM — *Director – Non executive*
- Ms Alice McCleary — *Director – Non executive*
- Mr Paul Rix *(appointed 8 February 2016)* — *Director – Non executive*
- Mr Gerard Anderson *(resigned 8 June 2016)* — *Director – Executive*
- Mr Damien Connor — *CFO / Company Secretary*

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 of 9.50% per annum (Managing Director contribution was 10% per annum), and do not receive any other retirement benefits. Some individuals, however, may chose 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 Performance Rights Plan and a Share Option Plan for the benefit of Directors, officers, senior executives and consultants. Shares issued under the Share Option Plan 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. Performance Rights are valued using a Monte Carlo based model 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.

Morton Philips, an independent remuneration consultant, was engaged in July 2016 to review current remuneration for the roles of Executive Chairman and Non-Executive Directors and provide recommendations for the Board's consideration. The review included advice regarding the design and implementation of remuneration programs that are competitive and common among the exploration industry, competitive market information, peer company comparisons and practice, and analyses and trends on base salary, short-term incentives and long-term incentives. Morton Philips was paid $4,400 (including GST) for this service.

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.

Corporate Governance

The Board has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3rd Edition" (ASX Recommendations). The Board continually monitors and reviews its existing and required policies, charters and procedures with a view to ensuring its compliance with the ASX Recommendations to the extent deemed appropriate for the size of the Company and the status of its projects and activities. Good corporate governance practices are also supported by the ongoing activities of the Audit & Risk Management Committee.

The Company's Corporate Governance Statement provides a summary of the Company's ongoing corporate governance practices in accordance with the ASX Recommendations. The Corporate Governance Statement is supported by a number of policies, procedures, code of conduct and formal charters, all of which are located in the Corporate Governance section of the Company's website:

www.archerexploration.com.au

Voting and comments made at the Company's 2015 Annual General Meeting

The Company received more than 90% of 'yes' votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Service Agreements

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

Greg English, Executive Chairman

Mr English has been a director of Archer since May 2007 and was appointed as Executive Chairman on 1 June 2015. The terms of his contract to 30 June 2016 were as follows:

- Contract Term: Permanent employee, no fixed term.
- Remuneration: $265,000 per annum plus 9.50% superannuation.
- Termination payments: Calculated based on reasons for termination from 4 weeks plus leave entitlements up to 12 months salary plus leave entitlements.

Following a review of Mr English's remuneration by an independent remuneration consultant in July 2016, the Board (excluding Mr English) resolved to vary Mr English's employment agreement to appropriately recognise his increased responsibilities following the resignation of the Managing Director during the year.

Effective 01 July 2016, the terms of Mr English's contract are as follows:

- Contract Term: Permanent employee, no fixed term.
- Remuneration $330,000 per annum (inclusive of 9.50% Superannuation).
- Short-term incentive bonus: Discretionary up to 15% of salary each year, is determined with reference to KPI's as set by the Board annually.
- Long-term incentive bonus: entitled to receive Options or Performance Rights equal to the maximum number of Options or Performance Rights granted to a director of the Company in the same financial year, subject to shareholder approval and KPI's including the Company's share Price compared with the ASX Small Ordinaries Resources Index.
- Termination payments: Calculated based on reasons for termination from 4 weeks plus leave entitlements.

Tom Phillips AM, Non-Executive Director

Base remuneration of $50,000 per annum (inclusive of 9.50% statutory superannuation) for the year ended 30 June 2016.

Alice McCleary, Non-Executive Director

Base remuneration of $50,000 per annum (inclusive of 9.50% statutory superannuation) for the year ended 30 June 2016.

Subsequent to year end, the Board (excluding Ms McCleary) resolved to increase Ms McCleary's base remuneration to $65,000 per annum (inclusive of 9.50% statutory superannuation) effective 01 July 2016, following a review of her remuneration by an independent remuneration consultant.

Paul Rix, Non-Executive Director

Base remuneration of $50,000 per annum (inclusive of 9.50% statutory superannuation) for the year ended 30 June 2016.

Subsequent to year end, the Board (excluding Mr Rix) resolved to increase Mr Rix's base remuneration to $65,000 per annum (inclusive of 9.50% statutory superannuation) effective 01 July 2016, following a review of his remuneration by an independent remuneration consultant.

In July 2016, the Company engaged an independent remuneration consultant to undertake a review of the Company's remuneration arrangements for its directors. As part of that review the consultant provided the Board with recommendations regarding Director's overall remuneration going forward, including appropriate non-cash long-term incentives.

The Board has determined to include a non-cash incentive based component to each director's remuneration to both preserve cash and to better aligning the interests of Directors with those of Shareholders. The Company will be seeking shareholder approval at the 2016 Annual General Meeting, for the issue 450,000 Performance Rights to each director in office as the date of this report. If shareholder approval is received, the Performance Rights will be subject to KPI's including the Company's share Price compared with the ASX Small Ordinaries Resources Index.

Damien Connor, CFO / Company Secretary

- Contract Term: No fixed term, either party may terminate by providing 3 months notice.
- Remuneration: Hourly rate.
- Termination payments: None.

Gerard Anderson, Managing Director

Mr Anderson resigned as a director of Archer on 8 June 2016.

Prior to his resignation as a director, the terms of Mr Anderson's contract for his role as Managing Director was:

- Contract term: Three years from 1st July 2013 but may be terminated early by either party giving minimum 3 months' notice.
- Remuneration: $450,000 per annum plus 10% superannuation.
- Short-term incentive bonus: Discretionary up to 20% of salary each year, is determined with reference to KPI's as set by the Board annually.
- Long-term incentive bonus: Discretionary up to 15% of base salary per year payable in Company shares, subject to shareholder approval and KPI's including Company share price performance compared with the ASX Small Resources Index.
- Termination payments: Calculated based on reason for termination, from three months notice plus leave entitlements up to 12 months salary plus leave entitlements.

Details of Key Management Personnel Remuneration

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.

2016	Short-term Employee Benefits		Post-employment Benefits	Termination Benefits	Share Based Payments	Total	
Directors	*Salary & fees $*	*Annual and long service leave paid out $*	*Superannuation $*	*Termination Benefits $*	*Unlisted Options & Performance Rights [1] $*	*$*	*Equity based remun-eration %*
Greg English*	265,000	-	25,175	-	9,167	299,342	3.1%
Tom Phillips AM	45,662	-	4,338	-	5,500	55,500	9.9%
Alice McCleary	46,385	-	3,615	-	5,500	55,500	9.9%
Paul Rix**	19,026	-	1,807	-	35,625 [2]	56,458	63.1%
Gerard Anderson***	450,000	86,255	45,000	-	-	581,255	0%
Subtotal	826,073	86,255	79,935	-	55,792	1,048,055	
Key Management Personnel							
Damien Connor	128,005	-	-	-	-	128,005	0%
Total	954,078	86,255	79,935	-	55,792	1,176,060	

* In addition, Piper Alderman Lawyers were paid $8,391 (2015: $92,661) during the year for services rendered to the Company. Mr English is a partner of Piper Alderman lawyers. The fees were at normal commercial rates.

** Paul Rix was appointed on 8 February 2016.

*** Gerard Anderson resigned as a director on 8 June 2016.

[1] In accordance with Accounting Standards, remuneration includes a portion of the notional value of the options and performance rights (Rights) granted during the year. The notional value of options and Rights are determined as at the issue date and is progressively allocated over the vesting period. The amount included as remuneration is not indicative of the benefit (if any) that the employee may ultimately realise should the option or Right vest. The notional value of the options and Rights as at the issue date has been determined in accordance with the accounting policy detailed at Note 20.

[2] Options were agreed to be granted to Mr Rix by resolution of the Board on 01 February 2016, prior to his appointment as Non-Executive Director. The options were granted as consideration for the termination of a previous Services Agreement with the Company prior to his appointment as a Director. Shareholder approval to issue the options to Mr Rix was received at the General Meeting held on 05 August 2016. Under accounting rules, the options need to be expensed in the financial year using 01 February 2016 as the provisional grant date, even though shareholder approval to issue the options to Mr Rix was not received until after year end.

2015	Short-term Employee Benefits		Post-employment Benefits	Termination Benefits	Share Based Payments	Total	
Directors	*Salary & fees $*	*Performance bonus $*	*Superannuation $*	*Termination Benefits $*	*Performance Rights $*	*$*	*Equity based remun-eration %*
Greg English*	84,869	-	8,062	-	22,917	115,848	19.8%
Tom Phillips AM	45,662	-	4,338	-	13,750	63,750	21.5%
Alice McCleary	46,385	-	3,615	-	13,750	63,750	21.5%
Gerard Anderson	450,000	8,100	45,810	-	21,027	524,937	4.01%
Subtotal	626,916	8,100	61,825	-	71,444	768,285	
Key Management Personnel							
Damien Connor**	80,850	-	-	-	-	80,850	0%
Total	732,966	8,100	61,825	-	71,444	849,135	

* In addition, Piper Alderman Lawyers were paid $92,661 (2014: $252,713) during the year for services rendered to the Company. Mr English is a partner at Piper Alderman Lawyers. The fees were at normal commercial rates.

** Damien Connor was appointed on 1 August 2014.

Number of Unlisted Options held by Directors and Key Management Personnel as at 30 June

2016

- On 12 August 2016 5,000,000 unlisted options (options) were issued to Director Paul Rix following shareholder approval at the General Meeting held on 5 August 2016. The options have an exercise price of $0.15 each and expire on 31 January 2019.

  The options issued to Mr Rix were agreed to be issued by resolution of the Board on 01 February 2016, prior to his appointment as Non-Executive Director. Under the accounting rules, the options need to be expensed in the financial year using 01 February 2016 as the provisional grant date, even though shareholder approval to issue the options to Mr Rix was not received until after year end.
- Subsequent to the year end, on 12 August 2016, Alice McCleary and Tom Phillips, were each issued 170,363 unlisted options (SPP Options) pursuant to the prospectus dated 27 June 2016. SPP Options have an exercise price of $0.12 each and expire on 30 June 2017.

2015

There were no unlisted options issued during the year ended 30 June 2015.

Number of Unlisted Performance Rights held by Directors and Key Management Personnel as at 30 June

2016

Key Management Personnel	*Balance on 1/7/15*	*Granted as Compensation*	*Vested*	*Lapsed*	*Balance 30/06/16**	*Total Vested*
Greg English	500,000	-	-	(250,000)	250,000	-
Tom Phillips AM	300,000	-	-	(150,000)	150,000	-
Alice McCleary	300,000	-	-	(150,000)	150,000	-
Gerard Anderson	604,459	-	-	(604,459)	-	-
Damien Connor	-	-	-	-	-	-
Total	1,704,459	-	-	(1,154,459)	550,000	-

* On 6 July 2016 all remaining Performance Rights lapsed. The criteria for vesting of these Performance Rights during the performance period 1 July 2015 to 30 June 2016 was not achieved.

2015

Key Management Personnel	*Balance on 1/7/14*	*Granted as Compensation*	*Vested*	*Lapsed*	*Balance 30/06/15**	*Total Vested*
Greg English	750,000	-	(125,000)	(125,000)	500,000	-
Tom Phillips AM	450,000	-	(75,000)	(75,000)	300,000	-
Alice McCleary	450,000	-	(75,000)	(75,000)	300,000	-
Gerard Anderson	832,500	-	(228,041)	-	604,459	-
Damien Connor	-	-	-	-	-	-
Total	2,482,500	-	(503,041)	(275,000)	1,704,459	-

* On 7 July 2015 550,000 Performance Rights lapsed. The criteria for vesting of these Performance Rights during the performance period 1 July 2014 to 30 June 2015 was not achieved.

Number of shares held by Directors and Key Management Personnel as at 30 June

2016

Key Management Person	*Balance on 1/7/15*	*Granted as Compensation*	*Performance Rights Exercised*	*Net Other Change*	*Balance 30/06/16*
Greg English	9,076,644	-	-	-	9,076,644
Tom Phillips AM	1,185,346	-	-	170,363	1,355,709
Alice McCleary	2,148,264	-	-	150,363	2,298,627
Gerard Anderson	1,528,041	-	-	-	1,528,041
Paul Rix	-	-	-	-	-
Damien Connor	-	-	-	-	-
Total	13,938,295	-	-	320,726	14,259,021

2015

Key Management Person	*Balance on 1/7/14*	*Granted as Compensation*	*Performance Rights Exercised*	*Net Other Change*	*Balance 30/06/15*
Greg English	8,951,644	-	125,000	-	9,076,644
Tom Phillips AM	1,110,346	-	75,000	-	1,185,346
Alice McCleary	2,073,264	-	75,000	-	2,148,264
Gerard Anderson	1,300,000	-	228,041	-	1,528,041
Damien Connor	-	-	-	-	-
Total	13,435,254	-	503,041	-	13,938,295

Employment contract of the Executive Chairman, Managing Director[1] and Company Secretary

Name	*Position*	*Duration of Contract*	*Period of Termination Notice*	*Termination Payment provided for under the contract*
Greg English	Executive Chairman	Ongoing [3]	Immediate [4]	4 weeks
Gerard Anderson[1]	Managing Director	36 Months [2]	Immediate [4]	up to 12 months
Damien Connor	Company Secretary/CFO	Ongoing [2]	3 months [4]	None

Note [1] Mr Anderson resigned as a director on 8 June 2016.
[2] Contract commenced 1 July 2013.
[3] Contracted permanent employee with no fixed term.
[4] For termination with good cause.

End of Audited Remuneration Report.

Meetings of Directors

The number of meetings of the Company's Board of Directors and each Board Committee held during the year ended 30 June 2016 and the numbers of meetings attended by each Director were as follows:

Director	Board of Directors		Audit & Risk Management Committee	
	Held	Attended	Held	Attended
Greg English	11	11	-	-
Tom Phillips AM	11	11	3	3
Alice McCleary	11	11	3	3
Paul Rix	6	6	-	-
Gerard Anderson	10	10	3	2

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.

Unlisted Options

The following table details unlisted options that remain unvested as at the date of this report. See Note 14 for further details regarding unlisted options.

Grant Date	Type	Exercise Price	Expiry Date	Vested	Lapsed	Unvested	No. of shares subject to remaining unvested options
01 February 2016*	Unlisted	$0.15	31 Jan 2019	-	-	5,000,000	5,000,000
12 August 2016	Unlisted	$0.12	30 June 2017	22,035,974	-	-	22,035,974

* These options were agreed to be granted to Non-Executive Director Paul Rix by resolution of the Board on 01 February 2016, prior to his appointment as a Director. Shareholder approval to issue the options to Mr Rix was received at the General Meeting held on 05 August 2016, and Mr Rix was subsequently issued the options on 12 August 2016. Under accounting rules, the options need to be expensed in the financial year using 01 February 2016 as the provisional grant date, even though shareholder approval to issue the options to Mr Rix was not received until after year end.

Performance Rights

The following table details performance rights that remain unvested as at the date of this report. See Note 14 for further details regarding performance rights.

Grant Date	Type	Exercise Price	Expiry Date	Vested	Lapsed	Unvested	No. of shares subject to remaining unvested performance rights
21 November 2013	Unlisted	$Nil	31 July 2016	553,041	2,229,459	-	-
17 December 2013	Unlisted	$Nil	31 July 2016	104,605	523,027	-	-
				657,646	2,752,486	-	-

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.

Indemnification and Insurance of Directors and Officers

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 2016.

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 2016:

Taxation services	*$7,250*

Auditor's Independence Declaration

The lead auditor's independence for the year ended 30 June 2016 has been received and can be found on page 38 of the Financial Report.

Signed in accordance with a resolution of the Board of Directors

Greg English
Chairman

Adelaide
Dated this 13th day of September 2016

Auditor's Independence Declaration

Grant Thornton

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Archer Exploration Limited for the year ended 30 June 2016, 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 AUDIT PTY LTD
Chartered Accountants

Justin Humphrey
Partner - Audit & Assurance

Adelaide, 13 September 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Financial Information

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Consolidated Group 2016 $	2015 $
Revenues from ordinary activities			
Revenues	2	64,533	153,458
Expenses from ordinary activities			
Depreciation and amortisation expense		(16,660)	(29,093)
Impairment of exploration assets		(476,114)	(85,168)
Employee benefits expense		(930,547)	(696,470)
Corporate Consultants/Public Relations		(132,746)	(379,585)
Occupancy expense		(39,253)	(39,101)
ASX listing and registry expense		(99,596)	(66,507)
Other expenses		(212,001)	(186,546)
Loss before income tax expense		**(1,842,384)**	**(1,329,012)**
Income tax benefit	3	545,500	350,102
Loss for the Period		**(1,296,884)**	**(978,910)**
Loss attributed to members of the parent entity		**(1,296,884)**	**(978,910)**
Other Comprehensive Income for the Period		-	-
Total Comprehensive Income attributed to members of the parent entity		**(1,296,884)**	**(978,910)**
		Cents	*Cents*
Earnings per Share			
Basic loss per share	6	*(1.51)*	*(1.16)*
Diluted loss per share		*(1.51)*	*(1.16)*

The accompanying notes form part of the financial statements.

STATEMENT of FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	Consolidated Group 2016 $	Consolidated Group 2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,983,721	1,680,965
Trade and other receivables	8	35,261	83,382
TOTAL CURRENT ASSETS		**2,018,982**	**1,764,347**
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,437,390	1,455,666
Exploration and evaluation expenditure	11	12,427,038	12,160,914
TOTAL NON-CURRENT ASSETS		**13,864,428**	13,616,580
TOTAL ASSETS		**15,883,410**	15,380,927
CURRENT LIABILITIES			
Trade and other payables	12	271,882	357,097
Short-term provisions	13	17,012	143,125
TOTAL CURRENT LIABILITIES		**288,894**	**500,222**
NON-CURRENT LIABILITIES			
Long-term provisions	13	43,735	34,722
TOTAL NON-CURRENT LIABILITIES		**43,735**	**34,722**
TOTAL LIABILITIES		**332,629**	**534,944**
NET ASSETS		**15,550,781**	**14,845,983**
EQUITY			
Issued capital	14	17,746,577	15,730,908
Reserves	15	197,100	285,815
Retained earnings		(2,392,896)	(1,170,740)
TOTAL EQUITY		**15,550,781**	**14,845,983**

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Group	*Issued Capital* $	*Retained Earnings* $	*Share Based Payments Reserve* $	*Total* $
Balance at 01 July 2014	**15,706,408**	**(191,830)**	**186,027**	**15,700,605**
Fair value of share based payments	-	-	99,788	99,788
Shares issued during the year	24,500	-	-	24,500
Transactions with owners	15,730,908	(191,830)	285,815	15,824,893
Total loss for the year	-	(978,910)	-	(978,910)
Other comprehensive income	-	-	-	-
Balance at 30 June 2015	**15,730,908**	**(1,170,740)**	**285,815**	**14,845,983**
Balance at 01 July 2015	**15,730,908**	**(1,170,740)**	**285,815**	**14,845,983**
Fair value of share based payments	-	-	60,713	60,713
Performance rights - lapsed [1]	-	-	(74,700)	(74,700)
Shares issued during the year	2,015,669	-	-	2,015,669
Transactions with owners	17,746,577	(1,170,740)	271,828	16,847,665
Transfer of share based payments reserve to retained earnings [2]	-	74,728	(74,728)	-
Total loss for the year	-	(1,296,884)	-	(1,296,884)
Other comprehensive income	-	-	-	-
Balance at 30 June 2016	**17,746,577**	**(2,392,896)**	**197,100**	**15,550,781**

1 Relates to performance rights that lapsed during the period.

2 Relates to the prior year(s) share-based payements expense associated with lapsed performance rights.

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Consolidated Group 2016 $	Consolidated Group 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from rental activities		39,911	41,679
Payments to suppliers and employees		(1,453,223)	(1,095,291)
Interest received		24,622	17,950
Research and Development tax concession		545,500	350,102
NET CASH USED IN OPERATING ACTIVITIES	19	**(843,190)**	**(685,560)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(838,413)	(3,042,760)
Payments for land and buildings		(13,448)	(146,806)
Payments for plant and equipment		(28,862)	(9,070)
Proceeds from sale of plant and equipment		33,000	-
NET CASH USED IN INVESTING ACTIVITIES		**(847,723)**	**(3,198,636)**
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from the issue of shares		2,034,356	-
Share issue transaction costs		(40,687)	-
NET CASH PROVIDED BY FINANCING ACTIVITY		**1,993,669**	-
Net increase (decrease) in cash held		302,756	(3,884,196)
Cash at the beginning of the year		1,680,965	5,565,161
Cash at the end of the financial year	7	**1,983,721**	**1,680,965**

The accompanying notes form part of the financial statements.

Notes

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.

Archer Exploration Limited is a for profit entity for the purposes of preparing the financial statements. The financial report has been presented in Australian dollars.

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

The parent entity controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

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

The Group applies the acquisition method in accounting for business combinations.

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.

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.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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.

c) Property, Plant and Equipment

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

The carrying amount of property, 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 Profit or Loss during the financial period in which are 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:

Class of Non Current Asset	*Depreciation Rate*	*Basis of Depreciation*
Plant and Equipment	*10 – 33%*	*Straight Line*
Buildings	*2%*	*Straight Line*

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 Profit or Loss.

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.

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.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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.

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.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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 Profit or Loss.

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 Arrangements

The Consolidated Group's share of assets, liabilities, revenue and expenses of the joint operations are included in the appropriate items of the Consolidated Financial Statements. Details of the Consolidated Group's interest is shown in Note 16.

i) 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 Company provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company currently provides benefits under an Employee Share Option Plan and a Performance Rights Plan.

The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

i) the extent to which the vesting period has expired; and

ii) the number of awards that, in the opinion of the directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and rights is reflected as additional share dilution in the computation of earnings per share.

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.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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.

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 2016 $476,114 expensed (2015: $85,165).

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 though the Statement of Profit or Loss.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

q) 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.

Accounting standards issued but not yet effective and not been adopted early by the Group

The Directors note the following Accounting Standards which have been issued but are not yet effective at 30 June 2016. These standards have not been adopted early by the group. The director's assessment of the impact of these new standards and interpretations is set out below:

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows;
  - The change attributable to changes in credit risk are presented in other comprehensive income (OCI) and;
  - The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The impairment requirements of AASB 9 may have impact on some of the investment classifications, which at this point in time management has yet to assess the full impact.

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

AASB 15 Revenue from Contracts with Customers (2014)

AASB 15:

- replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:
- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue.

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendments clarify the application of IFRS 15 in three (3) specific areas to reduce the extent of diversity in practice that might otherwise result from differing views on how to implement the requirements of the new standard. They will help companies:

1) Identify performance obligations (by clarifying how to apply the concept of 'distinct');
2) Determine whether a company is a principal or an agent in a transaction (by clarifying how to apply the control principle);
3) Determine whether a licence transfers to a customer at a point in time or over time (by clarifying when a company's activities significantly affect the intellectual property to which the customer has rights).

The amendments also create two (2) additional practical expedients available for use when implementing IFRS 15:

1) For contracts that have been modified before the beginning of the earliest period presented, the amendments allow companies to use hindsight when identifying the performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations.
2) Companies applying the full retrospective method are permitted to ignore contracts already complete at the beginning of the earliest period presented.

The AASB is expected to publish the equivalent Australian amendments in quarter 2 of 2016.

When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.

r) Going Concern basis of accounting

This financial report has been prepared on the basis of going concern. The cash flow projections of the Group indicate that it will require additional capital for continued operations. The Group incurred a net loss of $1,296,884 (2015: loss of $978,910) and operations were funded by a cash outlay from operating and investing activities of $1,690,913 (2015: outlay of $3,884,196).

The Group's ability to continue as a going concern is contingent on obtaining additional capital through either an equity capital raise, asset sale or a combination of both. If additional capital is not obtained, then going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report.

The financial report was authorised for issue on 13th September 2016 by the Board of Directors.

	Consolidated Group 2016 $	Consolidated Group 2015 $
NOTE 2 – REVENUE		
Operating activities		
- Rental income	39,911	39,380
- Interest received	24,622	96,128
- Gain on the sale of plant and equipment	-	17,950
Total Revenue	64,533	153,458
NOTE 3 – INCOME TAX BENEFIT		
a) The components of income tax benefit comprise:		
Current tax	545,500	350,102
	545,500	350,102
b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows 30% (2015 : 30%):		
Net loss	(1,842,384)	(1,329,012)
Prima facie tax benefit from ordinary activities before income tax at 30%	(552,715)	(398,704)
	(552,715)	(398,704)
Research and development tax concession	545,500	350,102
Tax effect of temporary differences not brought to account as they do not meet the recognition criteria	552,715	398,704
Income Tax attributable to operating loss	545,500	350,102
c) Unused tax losses for which no deferred tax asset has been recognised at 30%	3,653,731	2,959,434

NOTE 4 – KEY MANAGEMENT PERSONNEL REMUNERATION

a) Names and positions held of consolidated entity key management personnel in office at any time during the financial year are:

Mr Greg English	*Chairman – Executive*	
Mr Gerard Anderson	*Director – Executive*	*resigned 8 June 2016*
Mr Tom Phillips AM	*Director – Non-executive*	
Ms Alice McCleary	*Director – Non-executive*	
Ms Paul Rix	*Director – Non-executive*	*appointed 8 February 2016*
Mr Damien Connor	*Company Secretary*	

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

b) Key Management Personnel Compensation

Refer to the Remuneration Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP).

The aggregate remuneration of KMP of the Group during the year are as follows:

	2016 $	2015 $
Short term benefits	1,040,333	715,866
Post employment benefit	79,935	61,825
Share - based payments	55,792	71,444
	1,176,060	849,135

NOTE 5 – AUDITORS' REMUNERATION

	Consolidated Group 2016 $	Consolidated Group 2015 $
Remuneration of the auditor for:		
- auditing or review of the financial report	27,500	27,500
- other services provided by the practice of the auditor	7,250	10,100
	34,750	37,600

NOTE 6 – EARNINGS PER SHARE

	2016	2015
Reconciliation of earnings to Statement of Profit or Loss and other Comprehensive Income		
Loss for year used to calculate basic EPS	(1,296,884)	(978,910)
	Number	*Number*
a) Weighted average number of shares outstanding during the year used in calculation of basic EPS	85,875,550	84,363,887

NOTE 7 – CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Short term deposits	50,000	1,050,000
Cash at bank and on hand	1,933,721	630,965
	1,983,721	1,680,965

The effective interest rate on short term bank deposits at 30 June 2016 is 2.85%. These deposits have an average maturity term of 90 days. The Group's exposure to interest rate risk is summarised at *Note 23*.

NOTE 8 – TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
CURRENT		
Prepayments	10,831	11,266
Other receivables	24,430	72,116
	35,261	83,382

At 30 June 2016 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

	Country of Incorporation	*Percentage Owned* 2016 %	*Percentage Owned* 2015 %
Parent Entity			
- Archer Exploration Limited	Australia	-	-
Subsidiaries of Archer Exploration Limited:			
- Pirie Resources Pty Ltd	Australia	100	100
- Archer Pastoral Company Pty Ltd	Australia	100	100
- Leigh Creek Magnesite Pty Ltd	Australia	100	100
- Archer Energy & Resources Pty Ltd	Australia	100	100
- SA Exploration Pty Ltd	Australia	100	100
- CH Magnesite Pty Ltd	Australia	100	100

	Consolidated Group 2016 $	2015 $
NOTE 10 – PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment at cost	217,680	214,795
Accumulated depreciation	(176,604)	(145,995)
	41,076	68,800
a) Movements in carrying amounts:		
Balance at the beginning of the year	68,800	88,568
Additions	2,885	35,047
Disposals	-	(12,350)
Depreciation	(30,609)	(42,465)
Balance at 30 June	41,076	68,800
Land at cost	1,208,981	1,195,533
b) Movements in carrying amounts:		
Balance at the beginning of the year	1,195,533	1,048,727
Additions land	13,448	146,806
Balance at 30 June	1,208,981	1,195,533
Buildings at cost	200,000	200,000
Depreciation	(12,667)	(8,667)
	187,333	191,333
c) Movements in carrying amounts:		
Balance at the beginning of the year	191,333	195,333
Depreciation	(4,000)	(4,000)
Balance at 30 June	187,333	191,333
Total property, plant and equipment	**1,437,390**	**1,455,666**
NOTE 11 – EXPLORATION AND EVALUATION EXPENDITURE		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation at cost	12,427,038	12,160,914
	12,427,038	12,160,914
Movements in carrying amounts:		
Exploration and evaluation		
Balance at the beginning of the year	12,160,914	9,226,417
Amounts capitalised during the year	742,238	3,019,665
Impairment expense during the year	(476,114)	(85,168)
Balance at 30 June	12,427,038	12,160,914

During the year $17,949 (2015: $17,371) of equipment depreciation was included in the amount capitalised as exploration and evaluation.

A summary by tenement is included at *Note 16*.

	Consolidated Group 2016 $	Consolidated Group 2015 $
NOTE 12 – TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured liabilities:		
Trade payables	112,729	236,957
Other creditors and accruals	159,153	120,140
	271,882	357,097
NOTE 13 – PROVISIONS		
CURRENT		
Employee entitlements	17,012	143,125
NON-CURRENT		
Employee entitlements	43,735	34,722
NOTE 14 - ISSUED CAPITAL		
110,194,306 (2015: 84,520,409) fully paid ordinary shares	17,746,577	15,730,908

a) Shares on issue

30 June 2016	Number	$
Issued and paid up capital		
Fully paid ordinary shares	110,194,306	17,746,577
Movements in fully paid shares		
Balance as at 1 July 2015	84,520,409	15,730,908
Shares issued - third party for services	244,444	22,000
Shares issued - Share Purchase Plan (net of costs)	25,429,453	1,993,669
Balance as at 30 June 2016	110,194,306	17,746,577

30 June 2015	Number	$
Issued and paid up capital		
Fully paid ordinary shares	84,520,409	15,730,908
Movements in fully paid shares		
Balance as at 1 July 2014	83,612,763	15,706,408
Shares issued from vested performance rights	657,646	-
Shares issued as consideration for title of EL4693	250,000	24,500
Balance as at 30 June 2015	84,520,409	15,730,908

b) Options on issue

On 12 August 2016 5,000,000 unlisted options (Rix Options) were issued to Director Paul Rix following shareholder approval at the General Meeting held on 5 August 2016. Rix Options have an exercise price of $0.15 each and expire on 31 January 2019.

These options were agreed to be granted to Non-Executive Director Paul Rix by resolution of the Board on 01 February 2016, prior to his appointment as a Director. Under accounting rules, the options are required to be expensed in the financial year using 01 February 2016 as the provisional grant date, even though shareholder approval to issue the options to Mr Rix was not received until after year end.

There were no options on issue during the prior year.

NOTE 14 - ISSUED CAPITAL *continued*

c) Performance Rights on issue

Details of the performance rights outstanding as at the end of the year are set out below:

Granted	Total Granted	Expiry Date	Exercise Price	Total Vested	Total Lapsed	Balance at 30 June 2016
21/11/2013	2,782,500	31/07/2016	Nil	553,041	1,679,459	550,000
19/12/2013	627,632	31/07/2016	Nil	104,605	388,816	134,211
	3,410,132			657,646	2,068,275	684,211

During the year ending 30 June 2016 1,638,670 performance rights lapsed and none were exercised into shares.

On 6 July 2016 the remaining 684,211 performance rights lapsed as the criteria for vesting of the Performance Rights for the performance period 1 July 2015 to 30 June 2016 was not achieved.

d) Capital Management

The Group has no externally imposed capital requirements.

NOTE 15 - RESERVES

	Consolidated Group 2016 $	2015 $
Share based payment reserve	197,100	285,815

The share based payments reserve records items recognised as an expense on valuation of options or performance rights.

NOTE 16 - TENEMENTS

The Company's interest in tenements are as follows:
All tenements are within South Australia

Project	Tenement	Commodity	Carrying value $	Carrying value $
Worlds End *	EL 5418	Base Metals	-	470,939
Carappee Hill	EL 4861	Graphite	1,466,336	1,403,211
North Burra	EL 5433	Base Metals	560,343	524,537
North Cowell	EL 5434	Base Metals	376,179	371,852
Wildhorse Plain	EL 5804	Graphite	7,667,972	7,302,338
Napoleans Hat	EL 5769	Gold	103,246	72,016
Cleve West	EL 4893	Graphite	2,981	427
Ediacara	EL 4869	Barite	93,646	44,703
Ediacara	PELA 567	Coal to Liquids	3,634	3,634
Wichelina	EL 4729	Magnesite	136,388	110,691
Termination Hill	EL 4567	Magnesite	966,714	890,355
Spring Creek	EL 5540	Base Metals	99,367	62,490
Mt Messenger	EL 5383	Graphite	14,097	10,309
Collaby Hill	EL 5553	Base Metals	16,642	9,354
Waddikee	EL 5815	Graphite	908,963	884,058
Cockabidnie **	EL 5791	Graphite	3,398	-
Blue Hills **	EL 5794	Copper/Gold	3,940	-
Carpie Puntha	ELA 2016/57	Lithium	1,596	-
Frome	ELA 2016/71	Lithium	1,596	-
			12,427,038	12,160,914

* *Relinquished during the year*
** *Granted during the year*

All tenements are owned 100% by Archer and its subsidiaries except for EL 5804 where Samphire Uranium Limited has the rights to explore for, and mine, uranium. On 31/08/16 Archer announced that it had entered into a joint venture agreement with Cobalt Bull Pty Ltd which allows Cobalt Bull to earn a 75% interest in tenements EL 5749, 5433, 5540 and 5794. Cobalt Bull's obligation to spend funds to earn the 75% interest is subject to certain conditions precedent which have not yet been satisfied.

NOTE 17 - CAPITAL AND OTHER EXPENDITURE COMMITMENTS

	Consolidated Group 2016 $	2015 $
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		
- Expenditure commitment	2,395,500	1,630,000
Property commitments		
Expenditure commitments		
- Purchase of Campoona Land *	250,000	250,000
	250,000	250,000

* Remaining amount payable is subject to completion conditions as prescribed in the Heads of Agreement between the Company and the vendor.

NOTE 18 - OPERATING SEGMENTS

Segment Information

The Directors have considered the requirements of AASB 8 - Operating segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources have concluded at this time there are no separately identifiable segments.

NOTE 19 - CASH FLOW INFORMATION

a) Reconciliation of cash flows from operations with Loss from ordinary activities after Income Tax

	2016 $	2015 $
Loss from ordinary activities after income tax	(1,296,884)	(978,910)
Non cash flows in operating loss		
Depreciation (net of capitalised depreciation)	16,660	29,093
Share based payment - to employees	(13,988)	99,788
Share based payment - to third party	22,000	-
Gain on sale of assets	-	(17,950)
Impairment of exploration assets	476,114	85,168
Changes in assets and liabilities:		
- Decrease in receivables	15,122	50,264
- Increase in accounts payable & accruals	54,885	69,470
- Decrease in provisions	(117,100)	(22,483)
Net cash used in operating activities	(843,190)	(685,560)

b) Non Cash Financing and Investing Activities

2016

On 06 July 2015, the Company issued 244,444 shares on to a third party consultant as payment for services to the Company. The fair value of the shares was $22,000.

2015

During the year ended 30 June 2015 the Company issued 250,000 shares to UraniumSA Limited on 03 Feb 2015 as consideration for transfer of 100% of the title to EL5804 (formerly EL 4693) to the Company.

NOTE 20 - SHARE BASED PAYMENTS

	Consolidated Group 2016 Number of Performance Rights	Consolidated Group 2015 Number of Performance Rights
a) Performance Rights		
Balance at the beginning of the period	2,322,881	3,410,132
Performance rights granted during the period	-	-
Performance rights vested during the period	-	(657,646)
Performance rights lapsed/cancelled during the period	(1,638,670)	(429,605)
Balance at the end of the period	**684,211**	**2,322,881**

The total fair value of for the 3,410,132 rights issued to date is $386,734 and is being expensed over 3 years, commencing on 01 July 2013.

An amount of $25,088 has been included in the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the year ended 30 June 2016 (30 June 2015: $99,788). An amount of $74,700 relating to performance rights that had lapsed during the year ended 30 June 2016 was written back to the Statement of Profit or Loss and Other Comprehensive Income.

Additionally, an amount of $74,728, relating to previously recognised share based payments was transferred to retained losses. The transfer related to the fair value of prior period share based payments that lapsed after vesting.

	Consolidated Group 2016 Number of Unlisted Options	Consolidated Group 2015 Number of Unlisted Options
b) Unlisted Options		
Balance at the beginning of the period	-	-
Unlisted options granted during the period [1]	5,000,000	-
Unlisted options vested during the period	-	-
Unlisted options lapsed/cancelled during the period	-	-
Balance at the end of the period	**5,000,000**	-

1 5,000,000 options were agreed to be granted to Non-Executive Director Paul Rix by resolution of the Board on 01 February 2016, prior to his appointment as a Director. Shareholder approval to issue the options to Mr Rix was received at the General Meeting held on 05 August 2016, and Mr Rix was subsequently issued the options on 12 August 2016. Under accounting rules, the options need to be expensed in the financial year using 01 February 2016 as the provisional grant date, even though shareholder approval to issue the options to Mr Rix was not received until after year end.

The options outstanding at 30 June 2016 had a weighted average exercisable price of $0.15 and a weighted average remaining contractual life of 2.59 years.

The fair value of options issued during the year as remuneration were calculated by using a Black-Scholes option pricing model.

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 Profit or Loss and Other Comprehensive Income is $35,625 (2015: nil).

NOTE 21 - EVENTS AFTER THE BALANCE SHEET DATE

- On 6 July 2016, 684,211 Performance Rights lapsed. The criteria for vesting of these Performance Rights for the performance period 1 July 2015 to 30 June 2016 was not achieved.
- On 12 August 2016 22,035,974 unlisted options (SPP Options) were issued to shareholders who successfully applied for options under the prospectus dated 27 June 2016. SPP Options have an exercise price of $0.12 each and expire on 30 June 2017.
- On 31 August 2016 the Company announced it had executed a legally binding Farmin and Joint Venture Agreement (JVA) with Cobalt Bull Pty Ltd (Cobalt Bull) covering Archer's non-core exploration assets in South Australia's mid north region. Under the terms of the JVA, Cobalt Bull will pay Archer $200,000 cash and sole fund A$2.0 million on exploration and other related exploration activities on EL 5433 (Burra North – cobalt & manganese), EL 5540 (Spring Creek - copper), EL 5749 (Napoleons Hat - gold), and EL 5794 (Bull Hills - gold & copper) (collectively the Tenements) to earn a 75% interest in the Tenements. Cobalt Bull must spend the $2.0m within 3 years to earn the 75% interest. The Key Terms of the JVA , including conditions precedent were detailed in the ASX announcement dated 31 August 2016.
- On 12 August 2016 5,000,000 unlisted options (Rix Options) were issued to Director Paul Rix following shareholder approval at the General Meeting held on 5 August 2016. Rix Options have an exercise price of $0.15 each and expire on 31 January 2019.

  These options were agreed to be granted to Paul Rix by resolution of the Board on 01 February 2016, prior to his appointment as a Director. Under accounting rules, the options are required to be expensed in the financial year using 01 February 2016 as the provisional grant date, even though shareholder approval to issue the options to Mr Rix was not received until after year end. Refer Note 20 b) for further details of amounts included in the Statement of Profit & Loss and Other Comprehensive Income during the year.

Other than the matters noted above there have been no other subsequent events which require disclosure.

NOTE 22 - 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* and the Remuneration Report contained within the Directors' Report.

c) Other transactions with related parties

Piper Alderman lawyers were paid a total of $8,391 (2015: $92,661) for legal services rendered to the Group. Greg English is a partner of Piper Alderman lawyers.

NOTE 23 - 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 and loans to and from subsidiaries.

i) Treasury Risk Management

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

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

ii) Financial Risk Exposure and Management

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

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. It is the policy of the group to keep surplus cash in high yielding deposits.

NOTE 23 - FINANCIAL INSTRUMENTS *continued*

	Weighted Average Effective Interest Rate		Effective Interest Rate		Non Interest Bearing		Total	
	2016 %	2015 %	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Financial Assets								
Cash at bank	1.42%	2.22%	1,933,721	630,965	-	-	1,933,721	630,965
Deposits	2.65%	2.95%	50,000	1,050,000	-	-	50,000	1,050,000
Receivables			-	-	35,261	83,382	35,261	83,382
Total Financial Assets			**1,983,721**	**1,680,965**	**35,261**	**83,382**	**2,018,982**	**1,764,347**
Financial liabilities								
Payables	-	-	-	-	(271,882)	(357,097)	(271,882)	(357,097)
Total Financial Liabilities			-	-	(271,882)	(357,097)	(271,882)	(357,097)
Total Net Financial Assets/ (Liabilities)			**1,983,721**	**1,680,965**	**(236,621)**	**(273,715)**	**1,747,100**	**1,407,250**

b) Sensitivity Analysis

Interest Rate and Price Risk

The group has performed a sensitivity analysis relating to its exposure to interest rate risk and price 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 2016, 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:

	Consolidated Group	
	2016 $	2015 $
Change in loss		
- Increase in interest rates by 2%	1,000	21,000
- Decrease in interest rates by 2%	(1,000)	(21,000)
Change in equity		
- Increase in interest rates by 2%	1,000	21,000
- Decrease in interest rates by 2%	(1,000)	(21,000)

c) Net Fair Value of Financial Assets and Liabilities

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

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

d) Credit Risk

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

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

NOTE 24 - ARCHER EXPLORATION LIMITED PARENT COMPANY INFORMATION

	Parent Entity 2016 $	Parent Entity 2015 $
Parent Entity		
Assets		
Current Assets	1,961,227	1,723,989
Non-current assets		
Loans to subsidiaries	7,598,142	6,690,243
Investments in subsidiaries	26,624	26,624
Other non-current assets	41,076	68,800
Total assets	**9,627,069**	**8,509,656**
Liabilities		
Current Liabilities	233,601	304,237
Non-current Liabilities	43,735	34,722
Total Liabilities	**277,336**	**338,959**
Equity		
Issued Capital	17,746,577	15,730,908
Reserves	197,100	285,815
Retained Earnings	(8,593,944)	(7,846,026)
Total Equity	**9,349,733**	**8,170,697**
Financial Performance		
Loss for the year	(822,646)	(914,688)
Other comprehensive income	-	-
Total comprehensive income	**(822,646)**	**(914,688)**

Guarantees in relation to relation to the debts of subsidiaries

Archer Exploration Limited has not entered into a deed of cross guarantee with its wholly-owned subsidiaries Pirie Resources Pty Ltd, Archer Pastoral Company Pty Ltd, Leigh Creek Magnesite Pty Ltd, Archer Energy & Resources Pty Ltd, SA Exploration Limited and CH Magnesite Pty Ltd

Contingent Liabilities

Archer Exploration Limited has no contingent liabilities as at 30 June 2016 (2015: nil)

Contractual Commitments

	2016 $	2015 $
Purchase of Campoona Land *	250,000	250,000

* Remaining amount payable is subject to completion conditions as prescribed in the Heads of Agreement between the Company and the vendor.

Directors' Declaration

The Directors of the Company declare that:

1. the Financial Statements and Notes as set out on pages 40 to 60 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 2016 and of the performance for the year ended on that date of the Company and Consolidated Group;
2. the Executive Chairman 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 13th September 2016

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 "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other 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 Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is 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, the financial statements comply 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. Those standards 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.

Grant Thornton

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 Company's preparation of the financial report that gives a true and fair view 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 Company'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 2016 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.

Material uncertainty regarding continuation as going concern.

Without qualifying our opinion, we draw attention to Note 1 (r) in the financial report which indicates that the Group incurred a net loss of $1,296,884 and a cash outlay from operating and investing activities of $1,690,914 during the year ended 30 June 2016. These conditions, along with other matters as set forth in Note 1 (r), indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

GrantThornton

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Archer Exploration Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Justin Humphrey
Partner - Audit & Assurance

Adelaide, 13 September 2016

Additional Information

Compiled as at 31 August 2016

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

Shareholder Information

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 and other notices given to the Company:

Name	*No. of Ordinary Shares*	*%*
Gregory David English	9,076,644	8.24

Distribution of equity securities

Number of security holders by size of holding:

Range	*Shares*	*Unlisted Options*	*Unlisted Performance Rights*
1 - 1,000	114	-	-
1,001 - 5,000	258	1	-
5,001 - 10,000	295	1	-
10,001 - 100,000	898	182	-
100,001 - 999,999,999	205	100	-
Total	**1,770**	**284**	-

Unmarketable Parcels	*Minimum parcel size*	*Holders*	*Units*
Minimum $500.00 parcel at $0.078 per unit	6,411	425	1,223,328

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.

Unlisted options

No voting rights.

Unlisted Performance Rights

No voting rights.

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	6.84
2	JP Morgan Nominees Australia Limited	2,585,903	2.35
3	Mr Peter Irwin	2,370,363	2.15
4	Ms Alice McCleary + Mr Brian John McCleary	2,173,627	1.97
5	Deborah Annette Rossiter	1,883,679	1.71
6	Mr Heung Ming Lam	1,557,775	1.41
7	Gerard Anderson Super Pty Ltd	1,478,041	1.34
8	EAP Nominees Pty Ltd	1,355,709	1.23
9	Clockwell Pty Ltd	1,088,423	0.99
10	Navigator Australia Ltd	1,028,560	0.93
11	R J Muffet Pty Ltd	1,000,000	0.91
12	Zanview Pty Ltd	908,189	0.82
13	ABN AMRO Clearing Sydney Nominees Pty Ltd	849,942	0.77
14	EBIT Strategy Pty Ltd	848,923	0.77
15	Mr Timothy James Christensen	836,321	0.76
16	GDE Exploration (SA) Pty Ltd	805,346	0.73
17	Invia Custodian Pty Limited	787,120	0.71
18	Mr Neville Robert Stevens	755,714	0.69
19	GDE Exploration (SA) Pty Ltd	736,500	0.67
20	Mr Peter Palan + Mrs Clare Palan	700,363	0.64
Total		**31,285,296**	**28.39**

Corporate Governance Statement

For the Year Ended 30 June 2016

The Corporate Governance Statement for the Group is located in the Corporate Governance section of the Company's website at: www.archerexploration.com.au

Notes

Notes

Archer Exploration Limited
ABN 64 123 993 233

Directors
Greg English
Chairman (executive)

Tom Phillips AM
Director (Non-Executive)

Alice McCleary
Director (Non-Executive)

Paul Rix
Director (Non-Executive)

Company Secretary
Damien Connor

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GPO Box 1903 Adelaide SA 5001
Investor Enquiries (within Australia):
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Facsimile +61 8 8236 2305

Auditors
Grant Thornton Audit Pty Ltd
Level 1, 67 Greenhill Road
Wayville SA 5034

Solicitors
Piper Alderman
Level 16, 70 Franklin Street
Adelaide SA 5000

Bankers
National Australia Bank
Level 1, 22 King William Street
Adelaide SA 5000

Australian Securities Exchange:
ASX code: AXE