

ASX Announcement (ASX:AXE)

3 November 2017

Chairman's 2017 AGM address

It is with pleasure that I welcome you to the Archer Exploration Limited 2017 Annual General Meeting. Thank you for your attendance today and the continued interest you show in the Company.

This AGM is the Company's ninth and in August we celebrated our tenth anniversary as an ASX listed company. The 2016/17 financial year was an active period for the Company with multiple projects developed simultaneously and the discovery of new prospects. Key achievements during 2016/17 were:

- Successful completion of a Scoping Study confirming that the Eyre Peninsula Graphite Project (EPGP) is capable of generating a pre-tax NPV of \$126m over an initial 17-year mine life¹.
- Completion and lodgement of a detailed Mining Lease Proposal for the mining of graphite at Campoona Shaft.
- Successful completion of a bulk calcine trial at a commercial steel making operation.
- Manufacture of caustic calcined magnesia and dead burned magnesia products in commercial kiln.
- New copper discovery at Blue Hills and new copper/cobalt discovery at Broken Hill.

Whilst the 2017 Annual Report and the AGM is meant to primarily focus on the achievements of 2016/17, we are excited by the recent acquisition of the Carbon Allotropes business and the appointment of Dr Mohammad Choucair as Archer CEO.

The acquisition of the Carbon Allotropes online graphite/graphene sales business provides Archer a platform for accessing future customers for the Eyre Peninsula Graphite Project (EPGP). Other benefits include:

- Enhanced service offering – Carbon Allotropes online graphite and graphene sales and consulting services are highly complementary to Archer, and will benefit from Archer's development of the Eyre Peninsula Graphite Project.
- Cross-sell and up-sell opportunities – to new and existing, global graphite and graphene customers.
- Strengthened competitive position by combining distribution, production and supply.

¹ This information is extracted from an ASX announcement entitled "*Positive results from SA Graphite Project scoping study*", lodged with ASX on 19 September 2016 and is available to view at www.arccherexploration.com.au. Archer confirms that all material assumptions underpinning the production target and financial information set out in that announcement continue to apply and have not materially changed.

- Accelerated growth in the graphite and graphene space – increased synergies and opportunities for Archer and Carbon Allotropes in fast growing international and domestic markets.

Carbon Allotropes' clients are synergistic with Archer's potential clients and include multinational companies, research institutions and development networks in Australia, Europe, the US and Asia. Both Archer and Carbon Allotropes are focussed on supplying graphite and graphene based products and will serve the same type of customers. Carbon Allotropes' registered consumers and clients will benefit from Archer's development of the EPGP in South Australia which will allow Archer to supply high-quality graphite and graphene products. Archer will benefit from Carbon Allotropes' expertise in attracting and engaging with consumers and generating leads.

In Dr Choucair we have found a world-renowned expert in graphite and graphene, who has the ability to grow Archer's graphite business. Dr Choucair's resume is impressive and his experience was summarised in an ASX announcement lodged by the Company earlier this week. However, some of Mohammad's exceptional achievements include:

- Being the first person in the world to directly synthesise graphene which lead to him receiving the coveted Cornforth Medal from the Royal Australian Chemical Institute.
- Development of graphene products that improve the performance of lithium ion batteries as well as development of fullerides that are capable of use in hydrogen storage fuel cells.
- Councillor on the World Economic Forum's Global Future Council for Advanced Materials.

The acquisition of Carbon Allotropes and the appointment of Dr Choucair as CEO is a first major step in Archer's strategy to vertically integrate our graphite operations. It will add a key sales platform for our proposed graphite and graphene manufacturing operations. We believe that with the growth of lithium ion batteries and expanded uses for graphene products that the supply of high quality graphite and graphene products is a very strong growth area for Archer.

Returning to the achievements of 2016/17, the lodging of the Mining Lease Proposal for the Eyre Peninsula Graphite project was a significant achievement by the Company. The Mining Lease Proposal took more than two years to prepare and involved the work of multiple experts across different disciplines. We are hopeful of being granted the mining lease before the end of the year. I would like to take this opportunity to acknowledge the considerable assistance provided by the Cleve Community Consultative Committee. We could not have lodged the Campoona mining lease application without its support.

In addition to the progress of the EPGP we have been actively developing our other projects. In November 2016, we completed a bulk trial which involved the calcining of approximately 300 tonnes of magnesite in a rotary kiln. The rotary kiln was located at Whyalla and was part of a fully integrated commercial steel-making processing plant. The bulk trial was very successful in showing that it is possible to make a quality CCM product at a temperature range of 750 – 900 Celsius and a quality DBM product at 1500 – 1650 Celsius.

During the year we made a significant new copper discovery at our Blue Hills Project. The Company considers Blue Hills to be a large copper target that has the potential to host significant copper mineralisation. Whilst exploration is still in its infancy at Blue Hills, Archer intends to actively explore this project in the expectation of identifying future drill targets. Exploration to date shows that the copper mineralisation cross-cuts several geological units which supports the intrusive related mineralisation model postulated by the Company.

Our early exploration efforts at the recently granted North Broken Hill tenements have been successful in identifying copper and cobalt prospects over large areas. Exploration efforts around Broken Hill over the past century have focused almost exclusively on the discovery of Broken Hill style silver-lead-zinc deposits with very little cobalt or copper focused exploration in the area. There has been no recorded historic cobalt or copper focused exploration within the North Broken Hill Project area. We have been buoyed by early success at North Broken Hill and we intend to actively explore the tenements for cobalt and copper.

We look forward to a prosperous 2018 as we integrate the Carbon Allotropes business into Archer's and under Dr Choucair's stewardship, develop our graphite/graphene vertical integrated strategy.

We could not have achieved what we did over the past year without the strong support shown by our loyal shareholders. With your support, Archer now stands on the threshold of delivering its transformational strategy to develop the Company's extensive graphite resources.

The Board and Management thank all employees, the Cleve Consultative Committee, contractors and suppliers for their hard work and support during the year.

Mr Greg English
Executive Chairman
Archer Exploration Limited
Tel: (08) 8272 3288

Mr Cary Helenius
Investor Relations
Market Eye
Tel: 03 9591 8906