

ASX Announcement (ASX:AXE)

19 July 2018

IPO of non-graphite projects

Highlights

- Archer to list non-graphite exploration projects on ASX by way of an initial public offering (IPO).
 - IPO expected to be completed in last Quarter of this year.
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Archer Exploration Limited (ASX: AXE) has concluded the strategic review of its minerals exploration business. The review, announced in April 2018, considered a range of options for maximising the value of Archer's projects. In making the assessment, the Archer board examined long-term Archer shareholder value and also considered the capacity to utilise the non-graphite exploration projects to better develop and grow its Advanced Materials business.

Whilst the non-graphite focussed minerals exploration business has achieved success, growth, scale and diversification under the current ownership structure, the strategic review determined that an independent ownership model would provide greater benefits. Accordingly, Archer intends to pursue an initial public offering (IPO) of the non-graphite mineral exploration business on the Australian Securities Exchange (ASX) by the end of calendar year 2018, subject to market conditions and necessary approvals (including Archer shareholder approval).

In preparation for the potential ASX listing, Archer has today entered into binding share sale agreements with Ballista Resources Ltd for the sale of Archer subsidiary companies SA Exploration Pty Ltd (SAEx) and Archer Energy & Resources Pty Ltd (AER). Ballista is a newly incorporated public company which is intended to be the IPO listing vehicle.

SAEx holds the tenements that form the Broken Hill Cobalt Project, North Burra Project (including Blue Hills Copper Project and Ketchowla Manganese Cobalt Project) and the WA Nickel Project. AER will be the holder of all of Archer's Eyre Peninsula mineral exploration licences, with rights to explore for all minerals other than graphite on those tenements.

Completion under the Share Sale Agreements is conditional on Ballista listing on ASX and Archer shareholder approval to the sale of SAEx and AER.

At completion, Archer will receive 48 million Ballista shares and it is the Archer board's intention to distribute some or all of the 48 million Ballista shares to Archer shareholders by way of an in-specie distribution, subject to the receipt of favourable tax advice and regulatory and shareholder approval.

On the successful ASX listing of Ballista, Archer will hold 48 million Ballista shares (prior to the intended in-specie distribution), the Campoona graphite mining lease and associated miscellaneous purposes licences, Sugarloaf farm land, exclusive rights to explore for and mine graphite on the Eyre Peninsula tenements, the Carbon Allotropes online market place and all graphite and graphene related intellectual property.

With the recent sale of the Leigh Creek Magnesite Project (ASX announcement 2 July 2018) and the proposed ASX listing of Ballista, Archer will be able to pursue its Advanced Materials business with a focus on the key areas of Human Health, Reliable Energy and Quantum Technology.

The sale of the Leigh Creek Magnesite Project and the pending ASX listing of Ballista will allow Archer to simplify its activities and focus on the growth and development of the Company's Advanced Materials business. Archer will now commence a search for new directors with experience in growing online marketplaces and advanced technology businesses, to complement the existing Archer board and drive the Advanced Materials business.

The Ballista IPO is being managed by Luke Robinson, Sequoia Financial Group (ASX:SEQ). Detailed information on Ballista, the offer of securities under the IPO and an indicative timetable will be included in a prospectus to be prepared by Ballista. Archer has been informed by Ballista that it expects to lodge the prospectus by end of August 2018.

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Shareholders

For more information visit our website
<https://archerx.com.au/investors/>