

# Notice of General Meeting

## Archer Exploration Limited (ACN 123 993 233)

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Notice is hereby given that a General Meeting (**Meeting**) of the shareholders of Archer Exploration Limited will be held:

**Date:** Monday, 3 September 2018

**Time:** 10:00 am (Adelaide time)

**Venue:** Level 1, 28 Greenhill Road, Wayville South Australia 5034

The business to be considered at the Meeting is set out below and in the attached Explanatory Statement which should be read in conjunction with this Notice.

### Business

To consider, and if thought fit, to pass the following resolutions as an Ordinary Resolutions:

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#### Resolution 1 – Approval for the Sale of Leigh Creek Magnesite Pty Ltd

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*“That for the purposes of Listing Rule 11.4 and for all other purposes, approval is given for the sale of Leigh Creek Magnesite Pty Ltd, a wholly owned subsidiary of the Company, to Australian Consolidated Venture Capital Pty Ltd (ACN 611 739 210), on the terms and conditions set out in the Explanatory Statement.”*

*A voting exclusion statement is set out below.*

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#### Resolution 2 – Approval for the Sale of CH Magnesite Pty Ltd

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*“That, subject to Resolution 1 being passed, and for the purposes of Listing Rule 11.4 and for all other purposes, approval is given for the sale of CH Magnesite Pty Ltd, a wholly owned subsidiary of the Company, to Australian Consolidated Venture Capital Pty Ltd (ACN 611 739 210), on the terms and conditions set out in the Explanatory Statement.”*

*A voting exclusion statement is set out below.*

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#### Resolution 3 – Approval for the Sale of SA Exploration Pty Ltd

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*“That for the purposes of Listing Rule 11.4 and for all other purposes, approval is given for the sale of SA Exploration Pty Ltd, a wholly owned subsidiary of the Company, to Ballista Resources Limited (ACN 626 158 352), on the terms and conditions set out in the Explanatory Statement.”*

*A voting exclusion statement is set out below.*

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#### Resolution 4 – Approval for the Sale of Archer Energy and Resources Pty Ltd

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*“That, subject to Resolution 3 being passed, and for the purposes of Listing Rule 11.4 and for all other purposes, approval is given for the sale of Archer Energy and Resources Pty Ltd, a wholly owned subsidiary of the Company, to Ballista Resources Limited (ACN 626 158 352), on the terms and conditions set out in the Explanatory Statement.”*

*A voting exclusion statement is set out below.*

## Voting Exclusions

For the purpose of Listing Rule 14.11, the Company will disregard any votes cast in favour of the following Resolutions by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities and the following persons and their associates:

Resolution	Persons excluded from voting
Resolution 1 - Approval for the Sale of Leigh Creek Magnesite Pty Ltd	A party to the transaction to acquire Leigh Creek Magnesite Pty Ltd, being Australian Consolidated Venture Capital Pty Ltd.
Resolution 2 - Approval for the Sale of CH Magnesite Pty Ltd	A party to the transaction to acquire CH Magnesite Pty Ltd, being Australian Consolidated Venture Capital Pty Ltd.
Resolution 3 - Approval for the Sale of SA Exploration Pty Ltd	A party to the transaction to acquire the SA Exploration Pty Ltd, being Ballista Resources Limited.
Resolution 4 - Approval for the Sale of Archer Energy and Resources Pty Ltd	A party to the transaction to acquire the Archer Energy and Resources Pty Ltd, being Ballista Resources Limited.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for the person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## Notes

- The Board has determined under regulation 7.11.37 Corporations Regulations, that only registered holders of Shares as at 7:00pm (Sydney time) on 1 September 2018 are entitled to attend and vote at the Meeting.
- A Shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy or proxies to attend or vote on the Shareholder's behalf. A proxy need not be a Shareholder.
- A Shareholder entitled to cast two or more votes may appoint up to two proxies and may specify the proportion of votes that each proxy may exercise. If the appointment does not specify the proportion, then each proxy may exercise half of the votes able to be cast by the appointing Shareholder.
- Shareholders wishing to appoint a proxy should follow the instructions on the proxy form included with this Notice and to be effective, the completed proxy form must be received by the Company by **no later than 10.00 am (Adelaide time) on 1 September 2018** by:
  - Online:** Enter the control number, SRN/HIN and postcode shown on the first page of the proxy form at [www.investorvote.com.au](http://www.investorvote.com.au)
  - Mail:** Archer Exploration Limited C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia; or
  - Fax:** Archer Exploration Limited C/- Computershare Investor Services Pty Limited (within Australia) 1800 783 447 (outside Australia) +613 9473 2555.
- **Custodian Voting:** Custodian Voting is available for Intermediary Online subscribers only (Custodians) by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.
- A Shareholder that is a body corporate may appoint a representative (Corporate Representative) to attend in accordance with the *Corporations Act*.

Corporate Representatives or Shareholders with queries on how to complete the Proxy Form should contact the Company Secretary on (08) 8272 3288 during business hours.

By order of the Board



Damien Connor  
Company Secretary  
25 July 2018

# Explanatory Statement

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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## Introduction to Resolutions 1, 2, 3 and 4

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In late 2017, Archer received the grant of the Campoona graphite mining lease, acquired the Carbon Allotropes online graphene marketplace and appointed Dr Mohammad Choucair as Chief Executive Officer. Since that time the Company has made significant progress in the development of its carbon focused advanced materials business whilst also selectively exploring the Non-Graphite Projects.

On 27 April 2018, the Company lodged an ASX announcement advising that it was undertaking a strategic review (**Review**) of its non-graphite assets which include the Blue Hills Copper Project, Jamieson Tank Manganese Project, Ketchowla Manganese Cobalt Project, North Broken Hill Cobalt Project and the Leigh Creek Magnesia Project (the **Non-Graphite Projects**).

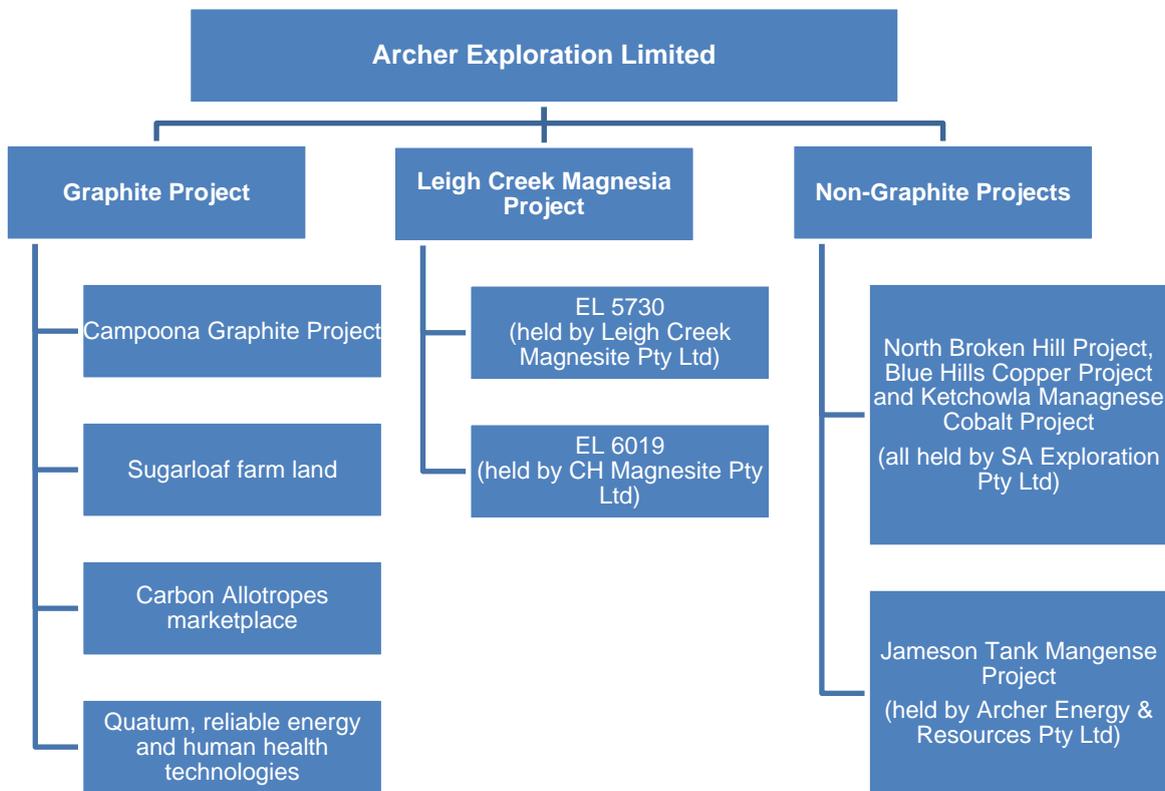
The Non-Graphite Projects are all 100% owned by Archer (except for EL 5804 Wildhorse Plains where S Uranium Pty Ltd has the right to explore for uranium) and offer exposure to a range of minerals, including copper, manganese and cobalt. Apart from the Company's Leigh Creek Magnesia Project (subject of Resolutions 1 and 2 of this Notice), Archer has not identified a JORC compliant Mineral Resource on any of the non-Graphite Project tenements. These projects are very much green field exploration with minimal exploration undertaken by Archer on most of the tenement areas.

Sequoia Financial Group have been engaged by the Company to undertake the Review. Part of the Review has been the consideration of the long-term Archer shareholder value, including whether a separately listed company holding the non-Graphite Projects would be better able to develop these projects and allow Archer to better focus on its graphite and graphene development goals and the growth of the Company's Advanced Materials business.

Sequoia Financial Group have been mandated by Archer to assist in:

- The sale of the Leigh Creek Magnesia Project (Resolutions 1 and 2); and
- The sale and ASX listing of Archer's Non-Graphite Assets (Resolutions 3 and 4).

Below is a diagram showing the Company's business, prior to the date of the Meeting.



# Explanatory Statement

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## 1. Resolution 1: Approval for the Sale of Leigh Creek Magnesite Pty Ltd and Resolution 2: Approval for the Sale of CH Creek Magnesite Pty Ltd

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### 1.1 Background to Resolutions 1 and 2.

Refer to the above 'Introduction to Resolutions 1, 2 3 and 4', for details of the general background relating to Resolutions 1 and 2.

Consistent with the objectives of the Review detailed above, on 2 July 2018 the Company announced that it had signed a legally binding share sale agreement (**Magnesia Sale Agreement**) for the sale of all of the shares in Leigh Creek Magnesite Pty Ltd (**LCM**) and CH Magnesite Pty Ltd (**CHM**) to Australian Consolidated Venture Capital Pty Ltd (ACN 611 739 210). Australian Consolidated Venture Capital Pty Ltd is an incorporated private Australian company, based in Brisbane. LCM and CHM are wholly owned subsidiaries of Archer which hold the Company's Leigh Creek Magnesia Project.

The Leigh Creek Magnesia Project is located approximately 20 kilometres northwest of Leigh Creek Township, South Australia and consists of two granted exploration licences – EL 5730 (held by LCM) and EL 6019 (held by CHM) (**Leigh Creek Magnesia Project**).

The Leigh Creek Magnesia Project is the world's largest cryptocrystalline magnesite deposit and hosts 48% of world cryptocrystalline (small grained) magnesite resources. Archer has undertaken test work and bulk trials to make different magnesia products and part of this work included the successful completion of a bulk trial at Whyalla (ASX announcement 5 December 2016).

ASX has advised the Company that Listing Rule 11.4 applies in relation to the proposed disposal of the Company's Leigh Creek Magnesia Project. Accordingly, the Company is seeking the approval of its Shareholders for the proposed disposal in accordance with Listing Rule 11.4.

### 1.2 The proposed transaction

The sale of the Leigh Creek Magnesia Project allows Archer to intensify its focus on its emerging advanced and specialty materials business with the associated development of the Campoona graphite mine, which is consistent with the goal of the Review, to focus Archer's future investment and management attention towards areas that will deliver the best risk weighted returns for its investors.

Key terms of the Magnesia Sale Agreement are:

- The Magnesia Sale Agreement is between Archer and Australian Consolidated Venture Capital Pty Ltd and deals with the sale by Archer of all the shares in LCM and CHM to the Buyer.
- Completion of the sale and purchase of the shares (**Completion**) is conditional upon:
  - Buyer conducting due diligence by 31 August 2018 and the results of those enquiries being to the satisfaction of the Buyer;
  - Archer shareholder approval of the sale of the shares in LCM and CHM; and
  - the consent (if required) of counterparties under agreements affecting the Tenements.
- Completion will take place on 30 June 2019 or such other date agreed by Archer and the Buyer. The date for Completion may be extended by Buyer for three months at a time (up to 31 December 2019) by paying to Archer \$250,000 per extension (up to a total of \$500,000) (Extension Payments).
- The purchase price payable to Archer is \$2.0 million (Base Payment) plus a Bonus. The Buyer must pay a \$50,000 non-refundable deposit (Deposit) by 16 July 2018 and a further non-refundable \$200,000 (Additional Deposit) if the Buyer elects to proceed after the end of the due diligence period (i.e. 31 August 2018). The Deposit, Additional Deposit and Extension Payments (if any) all form part of the Base Payment, the balance of which may be satisfied in cash or, if a listing has occurred, shares in the relevant listed entity (or a combination of both) at the election of the Buyer.
- The Bonus is payable if the Buyer or a related entity of the Buyer lists on a regulated stock exchange either before or within 6 months of Completion. The Bonus amount is an additional payment calculated as 5.0% of an amount \$2 million below the IPO market capitalisation of the listed entity. For example, if the Buyer lists on a regulated stock exchange within 6 months of Completion (ASX, TSX, AIM etc.) and the market capitalisation of the Buyer at listing is A\$52 million, then the total purchase price payable to Archer is  $\$2.0m + 5.0\% \times (\$52m - \$2m) = \$2.0m + \$2.5m = \$4.5m$ .

# Explanatory Statement

## 1.3 ASX Listing Rule 11.4

In summary, Listing Rule 11.4 provides that an entity must not dispose of a major asset if, at the time of the disposal, it is aware that the entity acquiring the asset intends to issue or offer securities with a view to becoming listed. However, the rules do not apply in either of the following cases:

- (a) the securities, except those to be retained by the Company, are offered pro rata to Shareholders, or in another way that, in ASX's opinion is fair in all the circumstances (Listing Rule 11.4.1(a)); or
- (b) the Company's Shareholders approve the disposal without a pro-rata offer being made (Listing Rule 11.4.1(b)).

ASX has advised the Company that Listing Rule 11.4 applies to the proposed disposal of the Leigh Creek Magnesite Project because the Leigh Creek Magnesite Project is a "major asset" for the purposes of the Listing Rules, as described in ASX Guidance Note 13 "Disposal of a Major Asset Involving an Entity to be Listed: Listing Rule 11.4" and the Buyer may seek to list on ASX or another stock exchange.

The ASX have confirmed that the Company requires shareholder approval pursuant to Listing Rule 11.4.1(b) for the disposal of the Leigh Creek Magnesite Project. Accordingly, the Company is seeking Shareholder approval under Listing Rule 11.4 for Resolutions 1 and Resolutions 2.

## 1.4 Reasons for the Sale of the Leigh Creek Magnesite Project

As previously announced by the Company, it has embarked on a strategy of reviewing its non-graphite assets with the goal to focus Archer's future investment and management attention towards areas that will deliver the best risk weighted returns for its investors, being to focus on its emerging advanced and specialty materials business with the associated development of the Campoona graphite mine. The proposed sale of the Leigh Creek Magnesite Project is consistent with this strategy.

## 1.5 Advantages and disadvantages of the transaction

The Board has assessed the advantages and disadvantages of the sale of the Leigh Creek Magnesite Project as set out below, and are of the view that the advantages outweigh the disadvantages and accordingly, the sale of the Leigh Creek Magnesite Project is in the best interests of the Company.

### Advantages

The Board believes the proposed sale of the Leigh Creek Magnesite Project delivers the following benefits:

- the structure of the consideration payable under the Magnesite Sale Agreement provides the Company with further funding to progress its emerging advanced and specialty materials business with the associated development of the Campoona graphite mine, whilst retaining potential exposure to any further potential magnesite exploration and/or development successes involving the Leigh Creek Magnesite Project assets;
- removal of all rent, rates and exploration commitments that accompany the Leigh Creek Magnesite Project, thus improving the Company's cashflow position;
- further development of the Leigh Creek Magnesite Project to a potential mining operation, would require the Company to dedicate and divert significant time, expertise and funding, away from the progression of its emerging advanced and specialty materials business and the development of the Campoona graphite mine, which the Board considers a priority to enable Archer to provide the best risk weighted returns for its investors; and
- upon completion of the sale of the Leigh Creek Magnesite Project, active exploration and/or development will resume over the Leigh Creek Magnesite Project by the Buyer who is an explorer with new ideas, new concepts and a commitment to explore the area and potentially develop the magnesite deposit. If the proposed transaction does not proceed this may not occur, as the Company's strategy is to focus its funding and activities on its emerging advanced and specialty materials business and development of the Campoona graphite mine.

### Disadvantages

The Board believes the proposed sale of the Leigh Creek Magnesite Project may disadvantage the Company in the following ways:

- There is no guarantee that the sale of the Leigh Creek Magnesite Project will complete. Completion of the sale and purchase of the Leigh Creek Magnesite Project is conditional on the Buyer completing its due diligence enquiries, the results of those enquiries being to the absolute satisfaction of the Buyer and the Buyer subsequently issuing the Company with a notice to proceed by 31 August 2018. If the Buyer does not issue a notice to proceed by 31 August 2018, then it may elect to terminate both Magnesite Sale

# Explanatory Statement

Agreements. In this instance, the sale of the Leigh Creek Magnesia Project will not proceed however, the Company would be entitled to retain the \$50,000 non-refundable deposit.

- The Company will no longer be the legal owner of the Leigh Creek Magnesia Project. As such, the Company will no longer directly control the development of the Leigh Creek Magnesia Project.
- The Bonus payment amount is conditional on the Buyer or a related entity of the Buyer listing on a regulated stock exchange either before or within 6 months of Completion (**Buyer Listing**). There is no guarantee that Buyer Listing will occur and accordingly, no guarantee that the Company will receive the Bonus payment amount.

## 1.6 Impact of the sale of the Leigh Creek Magnesia Project on the Company

The value of the assets of Leigh Creek Magnesite Pty Ltd as at 30 June 2018 was \$1,378,895, of which cash represented \$1,955. Leigh Creek Magnesite Pty Ltd did not contribute anything to the Company's past earnings, and has a carrying value of \$1,376,941 in the Company's financial statements.

The value of the assets of CH Magnesite Pty Ltd as at 30 June 2018 was \$145,131, of which cash represented \$1. Leigh Creek Magnesite Pty Ltd did not contribute anything to the Company's past earnings, and has a carrying value of \$145,112 in the Company's financial statements.

To demonstrate the value of the proposed transaction to the Company, the \$2,000,000 Base Payment amount, alone, represents a premium of \$477,948 to the carrying value of the Leigh Creek Magnesia Project in the Company's financial statements as at 30 June 2018, which is \$1,522,052. Furthermore, should the Company receive the Bonus component of the purchase price, then this will represent a further premium to the carrying value of the Leigh Creek Magnesia Project.

## 1.7 The Company's future activities and direction

The funds generated from the sale of the Leigh Creek Magnesite Project will allow the Company to continue to focus on activities to progress its emerging advanced and specialty materials business with the associated development of the Campoona graphite mine.

The target activities include (assuming Resolutions 1, 2, 3 and 4 are all approved), in no particular order of priority:

- Securing IP and associated funding for graphite/graphene/carbon technologies with a focus on quantum technology, human health and reliable energy.
- Growth of the Carbon Allotropes online market place and associated distribution channels.
- Progressing the Campoona Graphite Project, and
- Other business development opportunities that may be presented from time to time.

The approval for the sale of the Leigh Creek Magnesia Project will deliver to the Company a Base Payment of \$2,000,000, following the satisfaction of the conditions of Completion detailed earlier, with the potential for an additional Bonus amount payable to the Company, of 5% of an amount \$2,000,000 below the IPO market capitalisation of the listed entity, should the Buyer or a related entity of the Buyer lists on a regulated stock exchange either before or within 6 months of Completion. This will provide the Company with funding to progress the activities outlined above.

Approval for the Sale of the Leigh Creek Magnesia Project is conditional upon, and subject to both Resolution 1 and Resolution 2 being approved by Shareholders. Accordingly, if you intend to vote **IN FAVOUR** of Resolution 1, then you should also vote **IN FAVOUR** of Resolution 2.

## 1.8 Board Recommendation

For the reasons outlined above, each Director considers that the sale of the Leigh Creek Magnesia Project is in the best interests of the Company. The Directors therefore that unanimously recommend that Shareholders vote **IN FAVOUR** of Resolution 1 and Resolution 2.

The Chairman of the Meeting intends to vote all undirected proxies **IN FAVOUR** of Resolution 1 and Resolution 2.

# Explanatory Statement

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## 2. Resolution 3: Approval for the Sale of SA Exploration Pty Ltd; and Resolution 4: Approval for the Sale of Archer Energy and Resources Pty Ltd

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### 2.1 Background to Resolutions 3 and 4.

Refer to the above 'Introduction to Resolutions 1, 2 3 and 4', for details of the general background relating to Resolutions 3 and 4.

Consistent with the objectives of the Review detailed earlier in this Notice, on 19 July 2018 the Company announced that it had signed a legally binding share sale agreements with Ballista Resources Limited (**Ballista**) for the sale of all of the shares in SA Exploration Pty Ltd (**SAEx**) and Archer Energy and Resources Pty Ltd (**AER**) (together the "**Non-Graphite Assets Sale Agreements**"). SAEx and AER are wholly owned subsidiaries of Archer and hold the Company's non-graphite assets which include the following Projects:

- Blue Hills Copper Project, approximately 20km north of the township of Burra, South Australia.
- Jamieson Tank Manganese Project, approximately 15km north west of the township of Cleve, South Australia.
- Ketchowla Manganese Cobalt Project, adjoins the southern tenement boundary of the Blue Hills Copper Project and approximately 15km north of the township of Burra, South Australia.
- North Broken Hill Project, approximately 20km north of the township of Broken Hill, New South Wales.

### 2.2 About Ballista Resources Limited

Ballista Resources Limited (ACN 626 158 352) is a newly incorporated public company which is intended to be the IPO listing vehicle for Archer's Non-Graphite Assets.

The directors at incorporation of Ballista, and also the current directors, are:

- Luke Robinson, Sequoia employee. Luke is a qualified geologist and experienced stock broker and is a non-executive director of ASX listed Dart Mining Ltd (ASX:DTM).
- Carl Swensson, private consultant who works for Orecp, Sequoia and other companies. Carl is an experienced geologist who has worked around the world on various projects across multiple commodities.
- Marina Crole. Marina is an experienced business woman and the wife of Garry Crole who is a Sequoia director.

Damien Connor (currently Company Secretary of Archer) has been appointed as Company Secretary and CFO of Ballista. It is proposed that Greg English (currently Executive Chairman of Archer) will become Executive Chairman of Ballista upon Ballista being admitted to the Official List of ASX. Except for Greg English, no Archer director will be joining the board of Ballista.

### 2.3 Archer's Non-Graphite Assets

The Non-Graphite Assets subject of the Non-Graphite Assets Sale Agreements, subject of Resolutions 3 and 4, are:

- a) All of the exploration licences (ELs) and exploration licence applications (ELAs) currently held by Archer's wholly owned subsidiaries, SA Exploration Pty Ltd and Archer Energy and Resources Pty Ltd.
- b) All intellectual property attaching to the ELs but excluding all graphite and graphene related IP.
- c) One Toyota utility motor vehicle.
- d) Security deposit bonds associated with ELs

but excludes, the right to explore and mine graphite on the area of the Eyre Peninsula Graphite Project (**EPGP**) exploration licences.

Included in the Non-Graphite Assets, are 21 granted exploration licences and 2 exploration licence applications, within South Australia, New South Wales and Western Australia. The following tables detail the exploration tenements that are included as part of the Non-Graphite Assets, subject of the Non-Graphite Assets Sale Agreements:

# Explanatory Statement

## SA Exploration Pty Ltd Tenements

Id	Name	Location
EL 5769	Napoleons Hat	South Australia
EL 5433	Burra North	South Australia
EL 5794	Blue Hills	South Australia
EL 5935	Whyte Yarcowie	South Australia
EL 6000	Pine Creek	South Australia
EL 6029	Altimeter	South Australia
EL 6160	Franklyn	South Australia
23/1926	Mt Keith North	Western Australia

Id	Name	Location
EL 8592	Morris's Blow	New South Wales
EL 8593	Broken Hill NW	New South Wales
EL 8594	Broken Hill NW	New South Wales
EL 8595	Broken Hill NW	New South Wales
EL 8596	Kanbarra	New South Wales
EL 8597	Kanbarra	New South Wales
EL 8598	Kanbarra	New South Wales
ELA 5666	Campbells Ck	New South Wales

## Archer Energy and Resources Pty Ltd Tenements <sup>(1)</sup>

Id	Name	Location
EL 5920	Carappee Hill	South Australia
EL 5804	Wildhorse Plains <sup>(2)</sup>	South Australia
EL 5815	Waddikee	South Australia
EL 5383	Mt Messenger	South Australia

Id	Name	Location
EL 5791	Cockabidnie	South Australia
EL 5434	North Cowell	South Australia
EL 5870	Carpie Puntha	South Australia

### Notes

- (1) The Company entered into a tenement sale and purchase agreement between Pirie Resources Pty Ltd (a wholly owned subsidiary of Archer) and Archer Energy and Resources Pty Ltd dated 6 July 2018 (**Tenement Sale Agreement**), for the transfer of the EPGP ELs, from Pirie Resources Pty Ltd to Archer Energy and Resources Pty Ltd. Part of the consideration payable to Pirie Resources Pty Ltd pursuant to the Tenement Sale Agreement is a Graphite Mineral Rights Agreement between Pirie Resources Pty Ltd and Archer Energy and Resources Pty Ltd, whereby Archer Energy and Resources Pty Ltd grants to Archer, for no consideration, the exclusive rights to access, explore and mine graphite on the EPGP tenements.
- (2) Under an agreement with S Uranium Pty Ltd (SUPL), SUPL has the exclusive right to explore for, and if warranted, mine uranium minerals on the area of EL 5804.

The above tenements included in the Non-Graphite Assets tenements are all 100% owned by Archer and offer exposure to a range of minerals, including copper, manganese and cobalt. Archer has not identified a JORC compliant Mineral Resource on any of the tenements listed above and subject of the Non-Graphite Assets Sale Agreements. These projects are very much green field exploration with minimal exploration undertaken by Archer on most of the tenement areas.

ASX has advised the Company that Listing Rule 11.4 applies in relation to the proposed disposal of the Company's Non-Graphite Assets. Accordingly, the Company is seeking the approval of its Shareholders for the proposed disposal in accordance with Listing Rule 11.

## 2.4 The proposed transaction

The sale of the Non-Graphite Assets allows Archer to intensify its focus on its emerging advanced and specialty materials business with the associated development of the Campoona graphite mine, which is consistent with the goal of the Review, to focus Archer's future investment and management attention towards areas that will deliver the best risk weighted returns for its investors.

The following key agreements have been executed by the Company to give effect to the sale of the Non-Graphite Assets:

- Share Sale Agreement between Archer and Ballista that deals with the sale by Archer of all of the shares in SA Exploration Pty Ltd to Ballista (**SA Exploration Pty Ltd Share Sale Agreement**)

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- Share Sale Agreement between Archer and Ballista that deals with the sale by Archer of all of the shares in Archer Energy and Resources Pty Ltd to Ballista (**Archer Energy and Resources Pty Ltd Share Sale Agreement**)
- Transitional Services Agreement between Archer and Ballista that deals with administrative matters regarding the transition of SA Exploration Pty Ltd and Archer Energy and Resources Pty Ltd to Ballista (e.g. temporary share of office space) and Ballista has agreed to reimburse Archer for certain costs incurred by the Buyer in facilitating the IPO (approx. \$105,000) (**Transitional Services Agreement**).

(together the '**Non-Graphite Assets Sale Agreements**').

## 2.5 Key terms of the '**Non-Graphite Assets Sale Agreements**'

Key terms of the '**Non-Graphite Assets Sale Agreements**' are:

- Archer agrees to sell all of the shares in SA Exploration Pty Ltd and Archer Energy and Resources Pty Ltd to Ballista.
- Completion of the sale and purchase of the shares is conditional upon:
  - Archer shareholder approval to the sale of the shares in SA Exploration Pty Ltd and Archer Energy and Resources Pty Ltd; and
  - Ballista being admitted to the Official List of ASX.
  - Ballista raising at least \$5,000,000 from an initial public offer of Ballista Shares under a prospectus or other form of disclosure document.
  - The transfer of the tenements from Pirie Resources Pty Ltd to Archer Energy and Resources Pty Ltd having been completed in accordance with the terms of the Tenement Sale Agreement between the two parties.

Completion is subject to and conditional upon the satisfaction or waiver of the above conditions precedent on or before 30 September 2018 or such other date agreed by the parties in writing.

- Completion will take place on the fifth Business Day after the last of the conditions precedent have been duly satisfied or waived or such other date agreed by the Ballista and Archer in writing.
- The consideration payable to Archer pursuant to the Non-Graphite Assets Sale Agreements is, in aggregate, 48,000,000 fully paid ordinary Ballista Shares (**Consideration Shares**) to be issued at the price at which Ballista Shares are offered for subscription pursuant to the IPO (expected to be \$0.20 per IPO share), being:
  - 24,000,000 Ballista Shares pursuant to the SA Exploration Pty Ltd Share Sale Agreement; and
  - 24,000,000 Ballista Shares pursuant to the Archer Energy and Resources Pty Ltd Share Sale Agreement

It is the Board's intention to distribute some or all of the Consideration Shares to Archer shareholders by way of an in-specie distribution, subject to the receipt of favourable tax advice, regulatory and shareholder approval.

## 2.6 ASX Listing Rule 11.4

In summary, Listing Rule 11.4 provides that an entity must not dispose of a major asset if, at the time of the disposal, it is aware that the entity acquiring the asset intends to issue or offer securities with a view to becoming listed. However, the rule does not apply in either of the following cases:

- (a) the securities, except those to be retained by the Company, are offered pro rata to Shareholders, or in another way that, in ASX's opinion is fair in all the circumstances; or
- (b) the Company's Shareholders approve the disposal without a pro-rata offer being made.

ASX has advised the Company that Listing Rule 11.4 applies to the proposed disposal of the Company's Non-Graphite Assets because the Non-Graphite Assets are considered a "major asset" for the purposes of the Listing Rules, as described in ASX Guidance Note 13 "Disposal of a Major Asset Involving an Entity to be Listed: Listing Rule 11.4" and Ballista is seeking to list on ASX.

The ASX have confirmed that the Company requires shareholder approval pursuant to Listing Rule 11.4 for the disposal of the Non-Graphite Assets. Accordingly, the Company is seeking Shareholder approval under Listing Rule 11.4 for Resolutions 3 and 4.

# Explanatory Statement

## 2.7 Reasons for the sale of the Non-Graphite Assets

As previously announced by the Company, it has embarked on a strategy of reviewing its non-graphite assets with the goal to focus Archer's future investment and management attention towards areas that will deliver the best risk weighted returns for its investors, being to focus on its emerging advanced and specialty materials business with the associated development of the Campoona graphite mine. The proposed sale of the Non-Graphite Assets is consistent with this strategy.

## 2.8 Advantages and disadvantages of the transaction

The Board has assessed the advantages and disadvantages of the sale of the Non-Graphite Assets as set out below, and are of the view that the advantages outweigh the disadvantages and accordingly, the sale of the Non-Graphite Assets is in the best interests of the Company.

### Advantages

The Board believes the proposed sale of the Non-Graphite Assets delivers the following benefits:

- Archer shareholders, either through their holding of shares in Archer or by way of an in-specie distribution of Ballista shares to Archer shareholders, will retain exposure to any upside of the Non-Graphite Assets.
- Following the sale of the Non-Graphite Assets and the subsequent ASX listing of Ballista, the Company will have the capacity to focus on the development and exploration of the EPGP.
- By disposing of the Non-Graphite Assets and the subsequent ASX listing of Ballista, it will provide the Non-Graphite Assets with the capital requirements and dedicated team to allow the project to progress. It will also allow for exploration of previously underexplored areas within the area of the tenements.
- The market values advanced development and exploration assets on different bases. The proposed sale of the Non-Graphite Assets separates Archer's advanced development and exploration assets, and allows the market to separately and better value those assets.
- Should the Archer Shareholders receive an in-specie distribution of Ballista Shares, Archer Shareholders will be given exposure to two separate investment strategies including graphite mine development at Campoona and expansion of an advanced materials business through Archer, and exploration for cobalt, copper, gold, manganese and nickel through Ballista. Shareholders can choose to retain both, one or neither following completion of the sale of the Non-Graphite Assets.

### Disadvantages

The Board consider the proposed sale of the Non-Graphite Assets may have the following disadvantages:

- Archer will have a single commodity focus (graphite/graphene) which may leave Archer exposed if graphene market has a prolonged downturn.
- Archer's advanced material strategy still in its infancy, and there is a risk that the Company may not deliver on its strategy.
- There is no guarantee that the market price for the shares in Ballista will increase, and as such the value attributable to the Consideration Shares may decrease.
- There is no guarantee that the sale of the Non-Graphite Assets will complete. Completion of the sale and purchase of the Non-Graphite Assets is conditional on Ballista listing on ASX by 30 September 2018 or such other date agreed by the parties. If ASX listing is not achieved, then the sale of the Non-Graphite Assets will not proceed and the Company will retain the Non-Graphite Assets.
- The Company will no longer be the legal owner of the Non-Graphite Assets which includes tenements that are prospective for copper, cobalt and manganese. As such, the Company will no longer directly control the development of the Non-Graphite Assets.

## 2.9 Impact of the sale of the Non-Graphite Assets on the Company

The value of the assets of SA Exploration Pty Ltd as at 30 June 2018 was \$2,238,833, of which cash represented \$90,981. SA Exploration Pty Ltd did not contribute anything to the Company's past earnings, and its exploration assets have a carrying value of \$2,077,646 in the Company's financial statements.

The value of the assets of Archer Energy and Resources Pty Ltd as at 30 June 2018 was \$760, which comprised solely of cash. Archer Energy and Resources Pty Ltd did not contribute anything to the Company's past earnings.

# Explanatory Statement

To demonstrate the value of the proposed sale of the Non-Graphite Assets to the Company, the value of the consideration payable to Archer, of in aggregate, \$9,600,000 (being 48,000,000 Ballista Shares at an assumed IPO issue price of 20 cents per Ballista Share) represents a premium of \$7,360,407 to the carrying value of the Non-Graphite Assets in the Company's financial statements as at 30 June 2018, which is \$2,239,593.

## 2.10 The Company's future activities and direction

The funds generated from the sale of the Leigh Creek Magnesite Project will allow the Company to continue to focus on activities to progress its emerging advanced and specialty materials business with the associated development of the Campoona graphite mine.

The target activities include (assuming Resolutions 1, 2, 3 and 4 are all approved), in no particular order of priority:

- Securing IP and associated funding for graphite/graphene/carbon technologies with a focus on quantum technology, human health and reliable energy.
- Growth of the Carbon Allotropes online market place and associated distribution channels.
- Progressing the Campoona Graphite Project, and
- Other business development opportunities that may be presented from time to time.

Approval for the Sale of the Non-Graphite Assets is conditional upon, and subject to both Resolution 3 and Resolution 4 being approved by Shareholders. Accordingly, if you intend to vote **IN FAVOUR** of Resolution 3, you should also vote **IN FAVOUR** of Resolution 4.

## 2.11 Board Recommendation

For the reasons outlined above, each Director considers that the sale of the Non-Graphite Assets is in the best interests of the Company. The Directors therefore unanimously recommend that Shareholders vote **IN FAVOUR** of Resolutions 3 and Resolution 4 for the reasons outlined above.

The Chairman of the Meeting intends to vote all undirected proxies **IN FAVOUR** of Resolution 3 and Resolution 4.

# Explanatory Statement

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## 3. Definitions

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**Archer** or the **Company** means Archer Exploration Limited (ABN 64 123 993 233).

**AER** means Archer Energy and Resources Pty Ltd means (ACN 149 469 625).

**Archer Energy and Resources Pty Ltd Share Sale Agreement** has the meaning given in section 2.4.

**ASX** means ASX Limited (ABN 98 008 624 691).

**Ballista** means Ballista Resources Limited (ACN 626 158 352).

**Ballista Shares** means ordinary shares in the capital of Ballista.

**Board** means the board of Directors.

**Buyer** means Australian Consolidated Venture Capital Pty Ltd or a subsidiary or related entity of Australian Consolidated Venture Capital Pty Ltd appointed as nominee at any time prior to completion of the share sale.

**CHM** means CH Magnesite Pty Ltd (ACN 602 265 565).

**Consideration Shares** has the meaning given in section 2.5.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means the *Corporations Regulations 2001* (Cth).

**Director** means a director of the Company.

**EPGP** means the Eyre Peninsula Graphite Project.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**IPO** means an initial public offering of shares.

**LCM** means Leigh Creek Magnesite Pty Ltd (ACN 143 688 091).

**Leigh Creek Magnesia Project** has the meaning given in section 1.1

**Listing Rules** means the listing rules of ASX.

**Magnesia Sale Agreement** has the meaning given in section 1.1.

**Meeting** means the General Meeting of Shareholders to be held at Level 1, 28 Greenhill Road, Wayville South Australia 5034, on 3 September 2018 at 10.00 am (Adelaide time).

**Member** or **Shareholder** means each person registered as the holder of a Share.

**Non-Graphite Assets** means the mineral exploration licences and other assets listed in section 2.3.

**Non-Graphite Assets Sale Agreements** has the meaning given in section 2.4.

**Notice** means this Notice of General Meeting.

**Ordinary Resolution** means a resolution passed by more than 50% of the votes at a general meeting of Shareholders.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolution** means a resolution referred to in this Notice.

**Review** means the strategic review undertaken by the Company, as announced to ASX on 27 April 2018.

**SAEx** means SA Exploration Pty Ltd (ACN 152 429 377).

**SA Exploration Pty Ltd Share Sale Agreement** has the meaning given in section 2.4.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Tenement Sale Agreement** has the meaning given in Note (2) under the last table in section 2.3.

**Transitional Services Agreement** has the meaning given in section 2.4.

### Lodge your vote:



**Online:**

[www.investorvote.com.au](http://www.investorvote.com.au)



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 738 349  
(outside Australia) +61 3 9415 4649

## Proxy Form



### Vote online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

**Control Number: 181745**

**SRN/HIN:**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 10:00am (Adelaide time) on Saturday 1 September 2018**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Archer Exploration Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Archer Exploration Limited to be held at Level 1, 28 Greenhill Road, Wayville South Australia 5034 on Monday 3 September 2018 at 10:00am (Adelaide time) and at any adjournment or postponement of that meeting.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Approval for the Sale of Leigh Creek Magnesite Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval for the Sale of CH Magnesite Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval for the Sale of SA Exploration Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval for the Sale of Archer Energy and Resources Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / /