

ASX Announcement (ASX:AXE)

30 November 2018

2018 AGM Chairman's Address

Good morning, and welcome to the eleventh Annual General Meeting for Archer Exploration Limited. Today's AGM is the first held outside of Adelaide, and Sydney was chosen, as it provides us with an opportunity to make contact with our East Coast based investors. Importantly Sydney is also the home of our CEO, Dr Mohammad Choucair, and Archer's Advanced Materials business.

The Company's 2018 Annual Report is presented here at the AGM and provides detail of Archer's performance throughout the 2017/18 financial year. However, there have been several significant milestones achieved since the 2018 Annual Report was lodged in early September.

In the Company's 2018 Annual Report, the 2017/18 financial year was described as transformational for Archer, as a mining lease was obtained for the Eyre Peninsula Graphite Project and the development of the Advanced Materials Business commenced. We believe that materials will play a key role in the development of new technologies, as the world enters the Fourth Industrial Revolution. Materials such as cobalt, copper and graphite have experienced a significant growth in demand, driven by the battery technologies commonly used in electric vehicles, coupled with the increased demand for commercial and domestic power storage.

In addition to the conventional metals, advanced materials with enhanced capabilities will also play a key role in the development of new technologies. Archer's strategy is to build an advanced materials business, with a key focus on developing and integrating graphite and graphene based advanced materials in three key growth areas: reliable energy, human health and quantum technology.

The exploration for metals integral in the development of new battery technologies and the development of the Advanced Materials business are complementary. That said, we will continue to investigate opportunities to divest non-core assets, such as the sale of the Leigh Creek Magnesite Project for \$2.0 million and the \$1.35 million sale of the Sugarloaf land announced earlier this week. As stated in the ASX announcement, the sale of the Sugarloaf land does not mean that we are abandoning the development of the Eyre Peninsula Graphite Project, rather at the time of Archer purchasing the land, the final size of the Sugarloaf Graphite processing was unknown and we simply purchased more land than is required. We still maintain the option to buy back the land required for the construction and operation of the Sugarloaf Graphite Processing Facility.

During 2017/18 we actively explored the area of the Blue Hills Copper Gold Project which led to the discovery of a large copper and gold in soils anomaly and a co-incident electromagnetic signature at depth. The soil anomaly and EM target at Blue Hills covers an area that is larger than the Sydney or Melbourne CBD and presents as a compelling target. The project is ideally situated, only 40km from existing road, rail, power, gas and water infrastructure. As announced, Archer will be drilling Blue Hills early in the New Year, with first results expected late January / early February 2019.

Since lodging the 2018 Annual Report, we have entered into a legally binding Material Transfer Agreement ("MTA") with a leading German biotechnology company (the "Partner") for the development of an electrochemical biosensor, made using printable graphene components,

capable of detecting diseases. The materials to be used include those held in the inventory of the Partner (e.g. infectious disease antigens, antibodies, disease state sera, coupling and assay reagents) and materials in the inventory of Archer's wholly owned subsidiary Carbon Allotropes (e.g. graphene, ink formulations, and printed graphene electrodes). This agreement provides Archer with an opportunity to work collaboratively with a reputable European, customer facing biotech company.

In addition to the biosensor development work, we are also in negotiation with the University of Sydney Commercial Development and Industry Partnerships ("CDIP"), for exclusive rights to develop and commercialise intellectual property ("IP"), related to carbon-based quantum computing technology. The IP relates to the development of a quantum electronic device ("QED") for storing and processing quantum bits utilising advanced carbon material components, including graphene. We are also in negotiations with the University of Sydney and hope to be able to announce the execution of the binding Licence Agreement in the near future.

Last month, Archer announced that the proposed spin out of the non-core assets was not to proceed as a result of a downturn in global markets. Whilst the original decision to spin out the non-core assets may seem contradictory to my earlier statement that our mineral exploration strategy is complementary to the Advanced Materials business, the spin out offered an opportunity for Archer shareholders to realise value for the non-core assets. We will now either explore those tenements, or divest some of them to pay for the Blue Hills drilling and the growth of the Advanced Materials business.

One of the resolutions being considered today is the re-election of Paul Rix as a director of Archer. Paul is an experienced mining professional with a deep understanding of the magnesite and graphite industries. Whilst we have sold the Leigh Creek Magnesite Project, Archer is entitled to a bonus payment if the purchaser is able to list on a regulated stock exchange. Paul's magnesite experience will be useful in assisting the purchaser to develop a viable magnesite business and possible subsequent stock exchange listing.

Our prospects for 2019 are very positive. We will undertake our maiden drill program at Blue Hills where we hope to make a new copper gold discovery close to Adelaide. At the same time, we will continue to develop the quantum technology, human health and reliable energy parts of the Advanced Materials business. We are actively recruiting for someone to develop the quantum technology in the expectation of signing the Licence Agreement with the University of Sydney in the near term.

On behalf of the Board, I want to thank our shareholders for their continued support and we are confident of being able to grow the Archer share price given the quality of the projects and people that we have. The other directors and I would like to thank our employees and contractors for their hard work and dedication over the year.

About Archer Exploration

Archer provides shareholders exposure to innovative technologies and the advanced materials that underpin them. The Company has a focused strategy targeting globally relevant advanced materials markets of human health, reliable energy, and quantum technology. Archer is well positioned to execute on its strategy.

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Shareholders

For more information about Archer's activities, please visit our:

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