

ASX Announcement (ASX:AXE)

30 December 2019

Leigh Creek Magnesite Project Sale Update

Highlights

- Terms of the Leigh Creek Magnesite Project Sale Agreement have been modified with purchase increased from \$2.0 million to \$2.25 million.
 - The 5% bonus payment period has been extended from within 6 months of completion of the share sale (“Completion”) to any time after Completion.
 - Buyer expects to list on a Canadian stock exchange in early 2020.
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Archer Materials Limited (“Archer”, the “Company”) (ASX:AXE) is pleased to announce that some of the key terms of the Leigh Creek Magnesite Project Sale and Purchase Agreement (“Agreement”) (ASX Announcement 2 July 2018) have been amended as follows:

- **The purchase price has increased from \$2.0 million to \$2.25 million.** Archer has already received \$250,000 meaning that the Company will receive \$2.0 million at Completion.
- The deadline for achievement of certain pre-conditions prior to Completion has been extended from 31 December 2019 to **30 June 2020** (the “Cut-Off Date”).
- The 5% bonus payment (“Bonus”) was originally payable if the buyer achieved a stock exchange listing within 6 months of Completion. The Bonus is now payable if the buyer is listed or sells the underlying tenements at any time in the future.

The Buyer has informed Archer that it intends to list on a regulated stock exchange in early 2020, which extends later than the original Agreement Complete date. At the request of the Buyer to extend Completion to the Cut-Off Date, Archer renegotiated an increase to the Purchase Price and an indefinite extension to the period for the payment of the Bonus.

Archer Executive Chairman, Mr Greg English, said: “The amended agreement is a great outcome for Archer as it increases the purchase price and time period for the Bonus.

Under the original Agreement the Buyer was able to extend the Cut-Off Date to 30 June 2020 by paying Archer \$500,000 and this amount deducted from the final Purchase Price. We believe that we have achieved a great outcome for Archer shareholders by agreeing to extend the Cut-Off Date to 30 June 2020 and receiving an additional \$250,000 for doing so.”

Key terms of the new agreement

The key terms of the new agreement are:

1. If the Buyer has not listed on a regulated stock exchange by 30 June 2020, then at Completion (10 business days after 30 June 2020) the buyer must pay to Archer either \$2.0 million in cash and/or shares in another listed company to the same value.

2. If the Buyer has listed on a regulated stock exchange by 30 June 2020, then at Completion (10 business days after the Buyer lists on the regulated stock exchange) the Buyer must issue Archer \$2.0 million of shares in the listed company.
3. In addition to the payment of the \$2.0 million, Archer is also entitled to receive a bonus payment equal to 5% of the:
 - (a) market capitalisation of the listed company in the event that the Buyer lists on a stock exchange; or
 - (b) transaction value should the buyer sell the underlying tenements to another party.
4. Any shares issued to Archer in payment of the Purchase Price or Bonus may be subject to escrow, subject to the rules of the regulated stock exchange.

Differences between original and new agreement

The key differences between the original Agreement and the new Agreement are:

Key Term	Original Agreement	New Agreement
Purchase Price	\$2.0 million	\$2.25 million
Deposit amount (paid in 2018)	\$250,000	\$250,000
Cut-Off Date	31 December 2019	30 June 2020
Ability to extend the Cut-Off Date	Buyer could extend Cut-Off Date to 31 March 2020 by paying \$250,000 cash and to 30 June 2020 by paying an additional \$250,000 cash (total \$500,000) ("Extension Payments")	Cut-Off Date cannot be extended.
Amount payable at Completion	\$2.0 million less the Deposit and Extension Payments (if any)	\$2.25 million less the Deposit
Bonus payment amount	5% of market capitalisation of Buyer if Buyer lists on a regulated stock exchange within 6 months of Completion.	5% of value of a transaction if Buyer sells the tenements or 5% of the market capitalisation of Buyer if Buyer lists on a regulated stock exchange at any time (each a "Transaction"). There is no time limit on when a Transaction can be completed.

Next Steps

Archer will continue to maintain an open dialogue with the Buyer and will update the market on the status of the new Agreement, including any proposed Transaction, as soon as this information becomes available.

About Archer

Archer provides shareholders exposure to financial returns from innovative technologies and the materials that underpin them. The Company's strategy is to build an industry-leading Materials Technology company, that delivers maximum value to shareholders through the commercialisation of assets at various stages of the materials lifecycle. Archer has strong intellectual property, broad-scope mineral tenements, world-class in-house expertise, a diverse advanced materials inventory, and access to over \$300 million of R&D infrastructure.

The Board of Archer authorised this announcement to be given to ASX.

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