

ASX Announcement ([ASX: AXE](#))

25 June 2020

Leigh Creek Magnesite Project Sale Update

Highlights

- Canadian Stock Exchange listed Volatus Capital Corp. (“Volatus”) has acquired one of the companies purchasing part of the Leigh Creek Magnesite Project (“Project”).
 - Archer to receive Volatus shares worth approximately \$2.64 million[†] at completion of the sale and purchase of the Project (“Completion”).
 - Completion is subject to FIRB approval and is expected to occur before 9 December 2020.
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Archer Materials Limited (“Archer”, the “Company”, “[ASX: AXE](#)”) is pleased to announce that Canadian Stock Exchange listed Volatus Capital Corp. (“Volatus”, “[CSE:VC](#)”) has [announced](#) that it has acquired all of the shares (the “Transaction”) in one of the purchasers of the Leigh Creek Magnesite Project (“Project”).

In 2018 the Company announced the sale of the Project for \$2.0 million plus a bonus payment (“Purchase Price”) (ASX announcement 2 Jul 2018). The Company received \$250,000 in 2018 with the remaining \$1.75 million to be received at completion of the sale and purchase of the Project (“Completion”).

In late 2019 the Purchase Price was increased to \$2.25 million (\$2.0 million payable at Completion) plus the bonus payment (ASX announcement 29 Dec 2019). As a result of the Transaction, Archer will now receive approximately \$2.64 million⁺ worth of Volatus shares at Completion and may be entitled to receive a further bonus payment should there be a future transaction with the company that has purchased the remainder of the Project.

This means that the total purchase price of the Project (including \$250,000 previously paid to the Company) is approximately \$2.89 million⁺ plus any future bonus payments.

Commenting on the sale and purchase of the Project, Archer Executive Chairman Greg English said: “The Transaction is an excellent outcome for the Company and allows Archer to monetise the Project and to fund our other activities without the need to issue new shares and further dilute shareholders.

“We have a strong track record in monetising our exploration and other assets and have received approximately \$12.0 million from the sale of these assets (ASX announcements 22 Jun 2012 and 1 Jul 2019), including the sale of the Project.” Mr English concluded.

[†] Assumes AUD:CDN exchange rate of \$0.94 and Volatus Capital Corp. market capitalisation of CDN\$12 million.

The Transaction

Under the Project sale and purchase agreement, the Project is to be purchased by two separate companies (together the “Purchasers”). Volatus has announced that it will acquire all of the shares in one of the Purchasers.

On 29 March 2020, the Australian Government announced changes to its foreign investment review framework due to the impacts of the coronavirus outbreak and reduced the monetary threshold for all inbound investment to \$0. As a result of these changes, the Transaction requires approval by the Foreign Investment Review Board (“FIRB”) given that Volatus is a Canadian registered company. Volatus has applied for FIRB approval.

Completion will take place on the sooner of the tenth business day after the date that FIRB approves the Transaction and 9 December 2020. Under the legislation, FIRB has up to six months to make a decision.

At Completion, Archer will receive \$2.0 million worth of Volatus shares plus an additional number of shares equal to 5% of the Volatus market capitalisation (together the “Shares”). The Shares will be subject to escrow for four months or such other period determined by the Canadian Stock Exchange, and Archer cannot sell the Shares during the escrow period.

Volatus is only acquiring one of the Purchasers, and the other Purchaser will continue to hold its interest in the Project. Archer will receive a bonus payment equal to 5% of the value of any future transaction should the second Purchaser at any time sell its share of the Project or list on any stock exchange.

Archer will continue to provide technical assistance and support to the Purchasers and Volatus to aid in the development of the Project.

Next Steps

Archer will continue to update shareholders on the progress of the Transaction and the status of the Volatus FIRB application.

About Archer

A materials technology company developing materials in quantum computing, biotechnology, and lithium-ion batteries, and exploring for minerals in Australia. The Company has strong intellectual property, broad-scope mineral tenements, world-class in-house expertise, a unique materials inventory, and access to over \$300 million of technology development infrastructure.

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

General Enquiries

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