

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

22 December 2020

Sale of two Eyre Peninsula tenements

Highlights

- Archer executes legally binding agreement for the sale of two Eyre Peninsula Project tenements ("Tenements").
 - Purchase price of \$2.0 million plus a bonus share payment to be paid when the buyer lists on a stock exchange.
 - Archer to be granted a 2% Net Smelter Return royalty on minerals extracted from the Tenements.
 - Archer retains the rights to explore for, and mine, graphite on the Tenements.
 - Sale funds to be applied toward Archer's materials technology development, focused on the ¹²CQ quantum computing chip and A1 Biochip.
 - Tenements sale is in-line with Archer's business strategy to divest and monetise non-core mineral exploration assets.
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Archer Materials Limited ("Archer", the "Company", "[ASX: AXE](#)") is pleased to announce that it has signed a legally binding sale agreement ("Agreement") with private company Baudin Minerals Pty Ltd ("Buyer") for the sale of mineral exploration licences EL 5815 and EL 5920 ("Tenements").

The sale of the Tenements is consistent with Archer's strategy of monetising its non-core mineral exploration assets to fund and grow the Company's Advanced Materials business, in particular the development of its ¹²CQ room temperature quantum computing chip and graphene-based A1 Biochip. The sale of the Tenements does not require Archer shareholder approval.

Commenting on the sale of the Tenements, Archer Chairman Greg English said: "We believe this is a good deal for our shareholders. The proceeds from the sale of the Tenements will assist in the funding of our tech-related activities.

"In addition to the upfront payment at Completion, Archer will also receive royalty payments should the buyer discover minerals and commence mining on the Tenements. The royalty would allow the Company to financially benefit from any future development of these projects."

Agreement Key Terms

Completion of the sale and purchase of the Tenements ("Completion") is conditional upon: the Buyer conducting due diligence by 15 March 2021 and the results of those enquiries being to the satisfaction of the Buyer; South Australian Government approval to the sale of the Tenements; and the Buyer listing on a stock exchange.

Completion will take place on 30 June 2021 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 2021) by paying to Archer \$100,000 per extension (up to a total of \$200,000) ("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) at the signing of the Agreement and a further non-refundable \$100,000 ("Additional Deposit") if the Buyer elects to proceed after the end of the due diligence period. 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 shares in the relevant listed entity (or a combination of both) at the election of the Buyer.

The Bonus amount is an additional payment calculated as 5.0% of the enterprise value of the listed entity to be paid in cash or shares, at the election of the Buyer.

Archer is to be granted a 2% Net Smelter Return royalty on the value of all minerals (excluding graphite) extracted from the Tenements. Also, the Company retains the right to explore for, and if warranted, mine graphite on the area of the Tenements.

About Archer

A materials technology company developing innovative deep tech in quantum computing, biotechnology, and reliable energy. The Company has strong intellectual property, world-class in-house expertise, a unique materials inventory, and access to Tier 1 technology development infrastructure.

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

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