

Third project produces high grade graphite, boosting SA mine options for Archer

Highlights

- Ultra high grade graphite of 98.6% contained graphite (Cg) in tests of Lacroma graphite on SA's Eyre Peninsula
 - Lacroma's fine crystalline graphite similar to nearby Campoona Shaft and Central Campoona deposits
 - All three projects have now produced high grade Cg
 - Mineralisation from all three projects can use, without amendment, the same Sugarloaf Advanced Processing Facility
 - Further drilling at Lacroma would support a substantial resource upgrade, providing project upside for proposed mine development
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Archer Exploration Limited (ASX:"AXE") is pleased to announce that metallurgical tests have confirmed the capability of a third project on the Company's wholly-owned Eyre Peninsula Graphite project, to produce ultra-high grade graphite.

The Lacroma metallurgical tests used the same flotation and leaching conditions as for Campoona Shaft and the more recent Central Campoona tests. The results also confirmed its fine crystalline graphite structure is similar to the both of these deposits.

Critically, all three project areas can use the same processing circuit planned by Archer to be established on site at Sugarloaf near the proposed mining pits, without any need to amend the circuit set-up for individual deposits.

Archer says the Lacroma graphite results deliver the Company three sources of graphite, Campoona Shaft, Central Campoona and Lacroma that can provide production flexibility at Sugarloaf by either increasing the greater project operational life or the opportunity to greatly increase production from the currently planned 10,000tpa Sugarloaf processing plant.

Lacroma is located approximately 20 kilometres north-northwest of the Sugarloaf site, with the other two deposits to the southeast of Sugarloaf.

Archer submitted a Draft Mining Lease Proposal to the SA Government on 14th May 2015 for a 10,000tpa concentrate graphite operation over 14 years, based then solely on the Campoona Shaft graphite deposit.

Archer’s Managing Director, Mr Gerard Anderson, said “The test results for Lacroma compliment the excellent performance of the Campoona ores and opens up significant new options for our proposed greater Eyre Peninsula graphite operations. We see this as both valuable from an operation perspective and also for potential customers requiring further evidence of the project’s ability to boost output.”

“From the outset, we understood that Archer had several graphite deposits and prospects in the area and that we would need a centralised processing facility. We purchased land at Sugarloaf because it was central to our graphite occurrences and offered a substantive land parcel on which we could build a long-term processing facility.

“This centralised processing model has Sugarloaf as the processing hub, with satellite graphite projects (Campoona Shaft, Central Campoona, Lacroma and others yet to be drilled out) as the feed source.

“We now have three graphite bodies with the same basic graphite morphology and all can be processed using the same processing flowsheet to deliver very high purity fine graphite. The three ore sources give us the flexibility to either increase the life of the current project or increase our annual production of high-grade graphite in line with market conditions.”

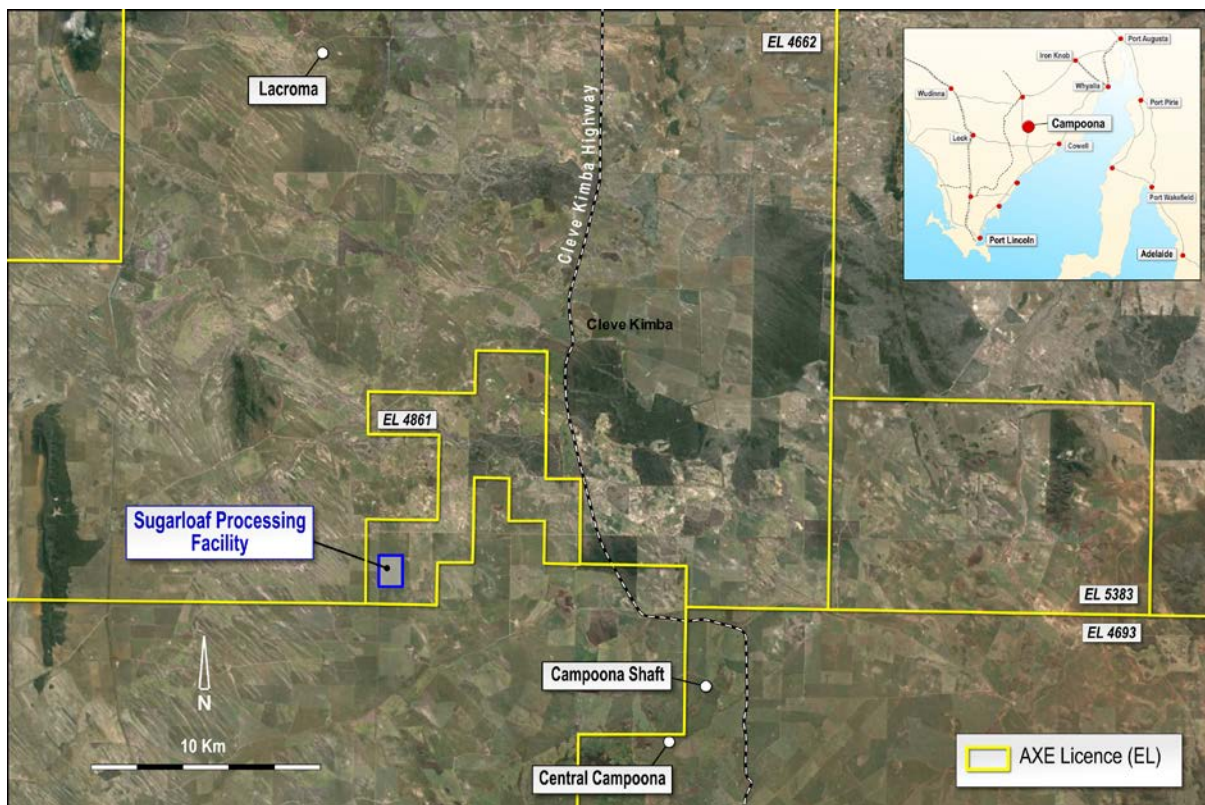


Figure 1: Map showing close proximity of the Lacroma graphite prospect to Campoona Central, Campoona Shaft and the Sugarloaf Processing Facility.

Geology

Lacroma corresponds to a prominent EM signature that has a potential strike extent of over 12 kilometres. Initial drilling at Lacroma recorded very wide intercepts (60 m @ 6.8% Cg). Four holes were drilled and reported in February 2015, along the eastern anomaly. While these showed the presence of fine flake graphite the same wide intercepts as that found in the main anomaly were not present.

Lacroma graphite, like the graphite at Campoona Shaft and Central Campoona, is highly crystalline fine graphite.

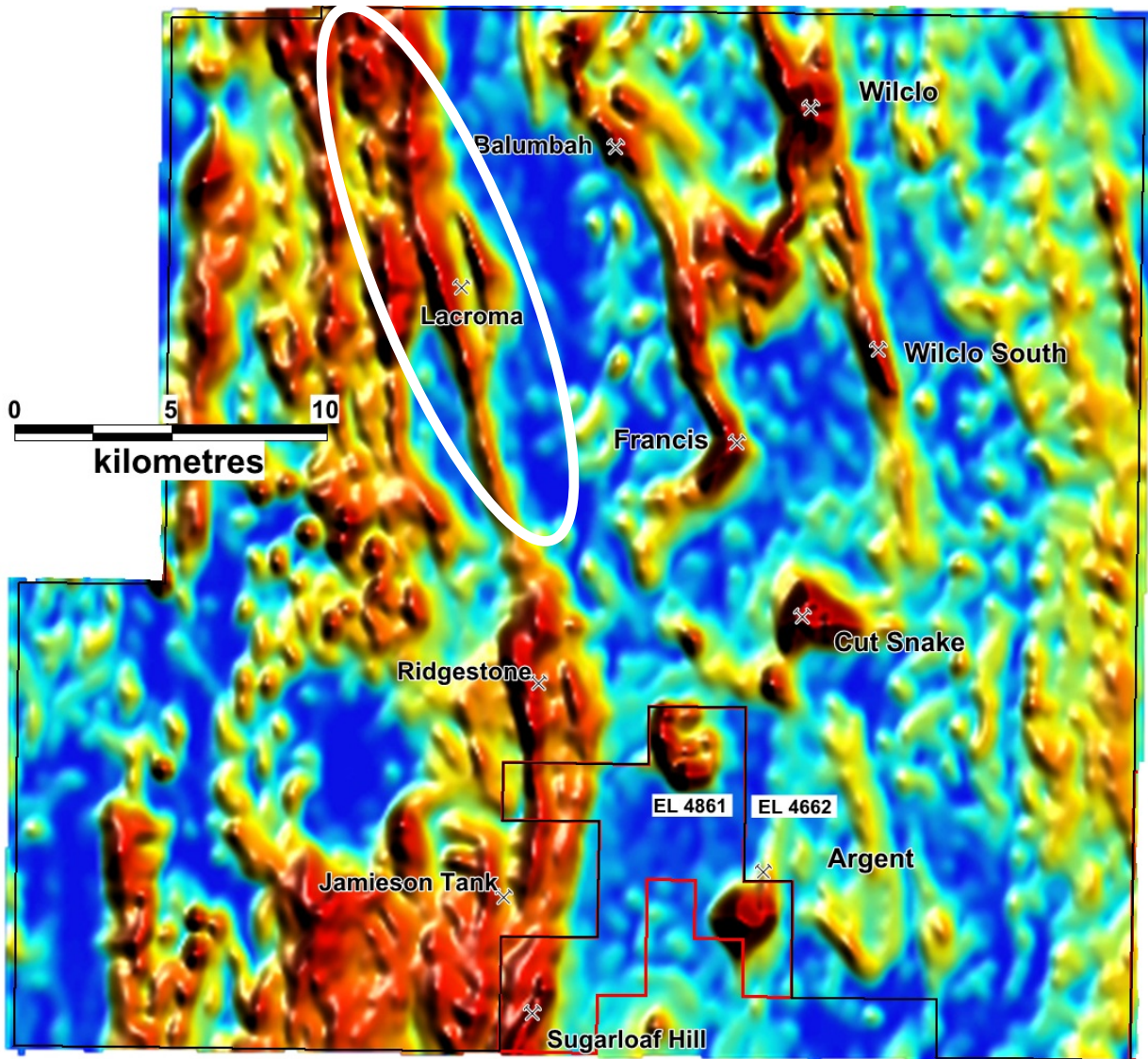


Figure 2. EL 4662 (Waddikee) airborne EM signatures

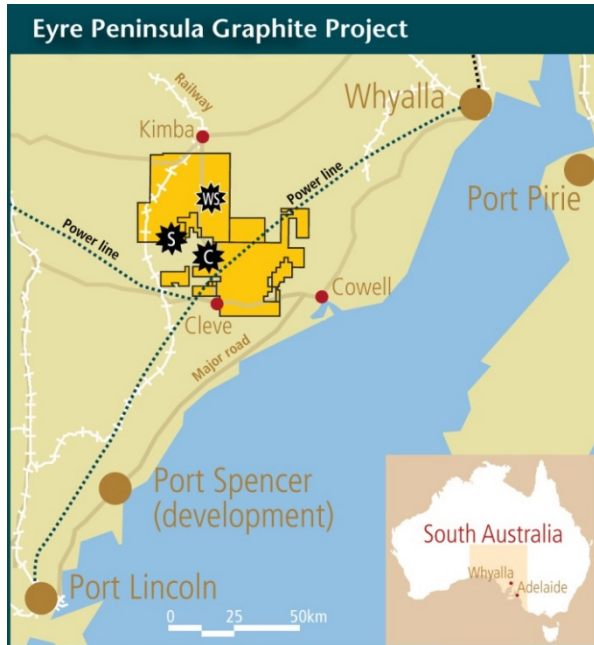
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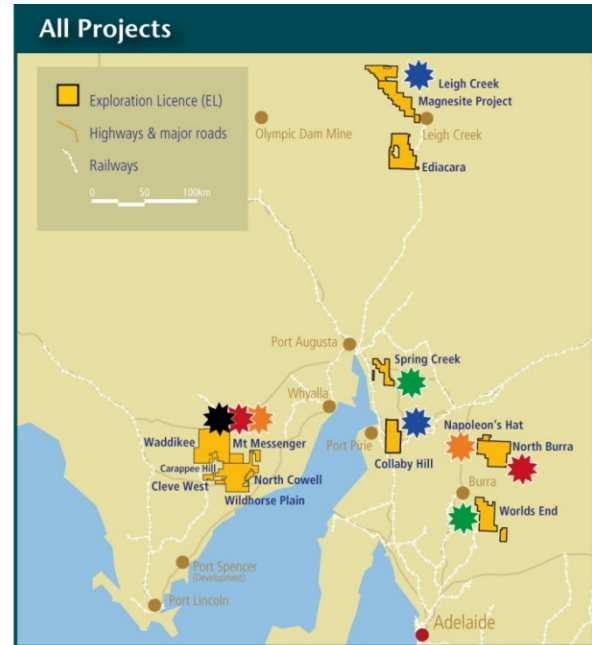
The exploration results and exploration targets reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr. Wade Bollenhagen, Exploration Manager of Archer Exploration Limited. Mr. Bollenhagen is a Member of the Australasian Institute of Mining and Metallurgy who has more than twenty years' experience in the field of activity being reported. Mr Bollenhagen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" relating to the reporting of Exploration Results. Mr. Bollenhagen consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

Archer Exploration Limited is an Australian Stock Exchange listed company with 100% ownership of 15 tenements all in South Australia covering more than 5,000 km².



Advanced Graphite Projects

-  Campoona
-  Sugarloaf
-  Wilclo South



Priority 1 and 2 targets:

-  Graphite
-  Magnesite
-  Manganese
-  Copper
-  Gold