

ASX Announcement (ASX:AXE)

4 July 2017

Archer progresses Campoona mining lease application

Highlights

- Archer completes next step towards the decision on the grant of Mining Tenements by lodging Response Document with South Australian Government.
 - Decision on the grant of the Mining Tenements anticipated by end of current Quarter.
 - South Australia has been recognised as one of the world's safest mining jurisdictions
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Archer Exploration Ltd (ASX: AXE, Archer, Company) is pleased to announce further progress on the Mining Lease and associated Miscellaneous Purpose Licences (MPL) applications for the Company's 100% owned Campoona Graphite project, 20km north of the township of Cleve on South Australia's Eyre Peninsula.

Over the past few months Archer has been preparing a Response Document to the remaining queries raised by various SA Government departments. This document has now been lodged with the SA Government. This follows the public submission period earlier in the year, during which Archer understands that no public submissions were made with respect to the project.

"The document lodged with the South Australian Government for the purposes of finalising the decision regarding the grant of the Mine Lease and associated Miscellaneous Purpose Licences for our Campoona Graphite project is hopefully the final step in securing the Mining Tenements require to produce graphite. This is a raw material that will increasingly play a key role in our modern world with graphite having a wide variety of high end value uses, including batteries and graphene."

"Given rising geopolitical risks in Tanzania and other regions that manufacture graphite, we expect that our potential customers will value the supply security that Archer can offer, indeed South Australia was ranked as the world's 13th most favourable mining jurisdiction in recent Fraser Institute survey." said Archer's Executive Chairman, Greg English.



Figure 1: Sugarloaf Hill looking west to Darke Peake.

Project background

The decision to proceed with a Mining Lease and MPL Application follows the completion of a high-level Scoping Study (refer to ASX announcement dated 19 September 2016) that supported Archer's future development of the broader Eyre Peninsula Graphite Project (Project).

The Scoping Study found that the Project is capable of producing ultra-pure and ultra-fine battery grade graphite as well as being suitable for graphene manufacture. The 140,000tpa mine would have an initial pre-production capital cost of just A\$36 million, with options for further expansion. Over its initial 17-year mine life it would return an indicative revenue of A\$858 million.

The Company lodged the Mining Lease and MPL application (MLA) on 10 November 2016 and since that time has been responding to information requests from the SA Government. The documents forming the application have been publicly available since they were lodged with the SA Government.

The Company's graphite projects are located on South Australia's Eyre Peninsula. South Australia was ranked 13th in the world in the latest Fraser Institute Investment Attractive Index. Also, the South Australian Government has publicly supported mining on multiple occasions.

Recent changes to mining legislation in Tanzania and moves toward nationalisation in foreign jurisdictions further enhances the attractiveness of South Australia as a safe mining jurisdiction and vindicates Archer's decision to pursue a graphite mining project in South Australia.

Archer anticipates the Campoona Mining Lease and MPL to be granted toward the end of the current Quarter.

For further information, please contact:

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Scoping Study

Information in relation to the Eyre Peninsula Graphite Project Scoping Study, including production targets and financial information, included in this document is extracted from an ASX announcement entitled "Positive results from SA Graphite Project scoping study", lodged with ASX on 19 September 2016 and is available to view at www.arccherexploration.com.au. Archer confirms that all material assumptions underpinning the production target and financial information set out in that announcement continue to apply and have not materially changed.