ASX Announcement (ASX:**AXE**) 25 July 2017

Blue Hills large copper-gold target

Highlights

- Reprocessed magnetic data reveals a large magnetic low anomaly over a large area of approximately 20km^2.
- Magnetic anomaly is coincident with copper and gold discovery at Blue Hills.
- Large intrusive related copper gold target indicated.
- New exploration licence applications lodged to the north of Blue Hills.

Archer Exploration Ltd (ASX:AXE, Archer, Company) is pleased to announce the results of the re-processing of magnetic data at Archer's 100% owned Blue Hills Project, located approximately 45km northwest of the township of Burra and 30km south of the trans-Australia railway line.

Executive Chairman, Greg English said, "The possible discovery of a large intrusive related copper gold system is a very exciting development for Archer."

"It is encouraging to see copper in drilling and surface rock chips of up to 9% copper and 8.1g/t gold, coincident with a large magnetic anomaly. These surface expressions are typical of what you would expect to see from a large intrusive mineralised system" said Mr English.

Understanding the reprocessed magnetic data

The purpose of the re-processing of the magnetic data was to obtain enhanced magnetics over the area of the recent Blue Hills drilling, an area which Archer has identified as being potentially prospective for a large non-mafic intrusive related copper-gold prospect.

The higher resolution image from the re-processed data has enabled Archer to advance the interpretation of the subsurface geology and the definition of areas where the magnetic minerals in the host rock may have been altered by mineralisation processes associated with intrusions. The processed data has identified an ovoid area of low magnetic rocks, indicating thermal destruction of magnetism typically associated with volcanic intrusions (Figure 1 and Figure 2).

The large magnetic anomaly is largely located to the north of the Blue Hills tenement with the recent Blue Hills drilling taking place on the southern edge of the anomaly. As a result, Archer has applied for two additional explorations licences to the north of Blue Hills (Figure 3). Archer expects the Pine Creek (ELA 107/2017) exploration licence to be granted in the coming weeks with the grant of Altimeter (ELA 125/2017) expected toward the end of August.

The co-location of the magnetic anomaly with the strong copper-gold geochemistry intercepted by shallow drilling and recent rock chip sampling at Blue Hills, together confirm a sizeable potential intrusive related copper-gold target. The interpreted dimensions of the magnetic anomaly are significant, covering an area of approximately 20km^2.

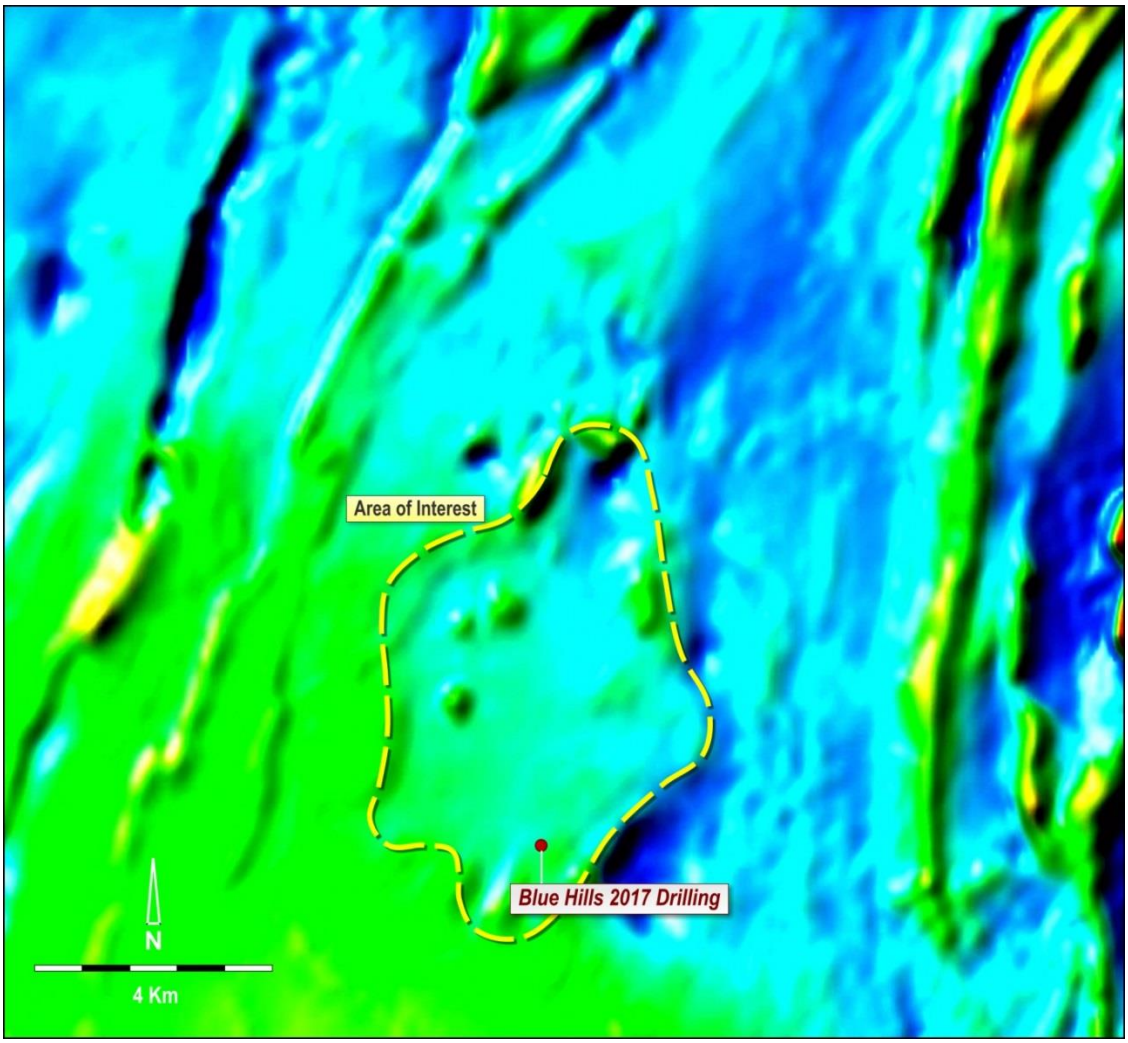

Figure 1: Reprocessed magnetic data available from SA Government, showing the shape of the anomaly and the area of demagnetisation

In 1999 Stockdale Prospecting Limited (Stockdale) completed a HeliMag magnetic survey over most of the area of the anomaly at Blue Hills. This survey was done on 100m line spacings and this data has been integrated with the coarser spaced magnetic data available from SA Government surveys (Figure 2).

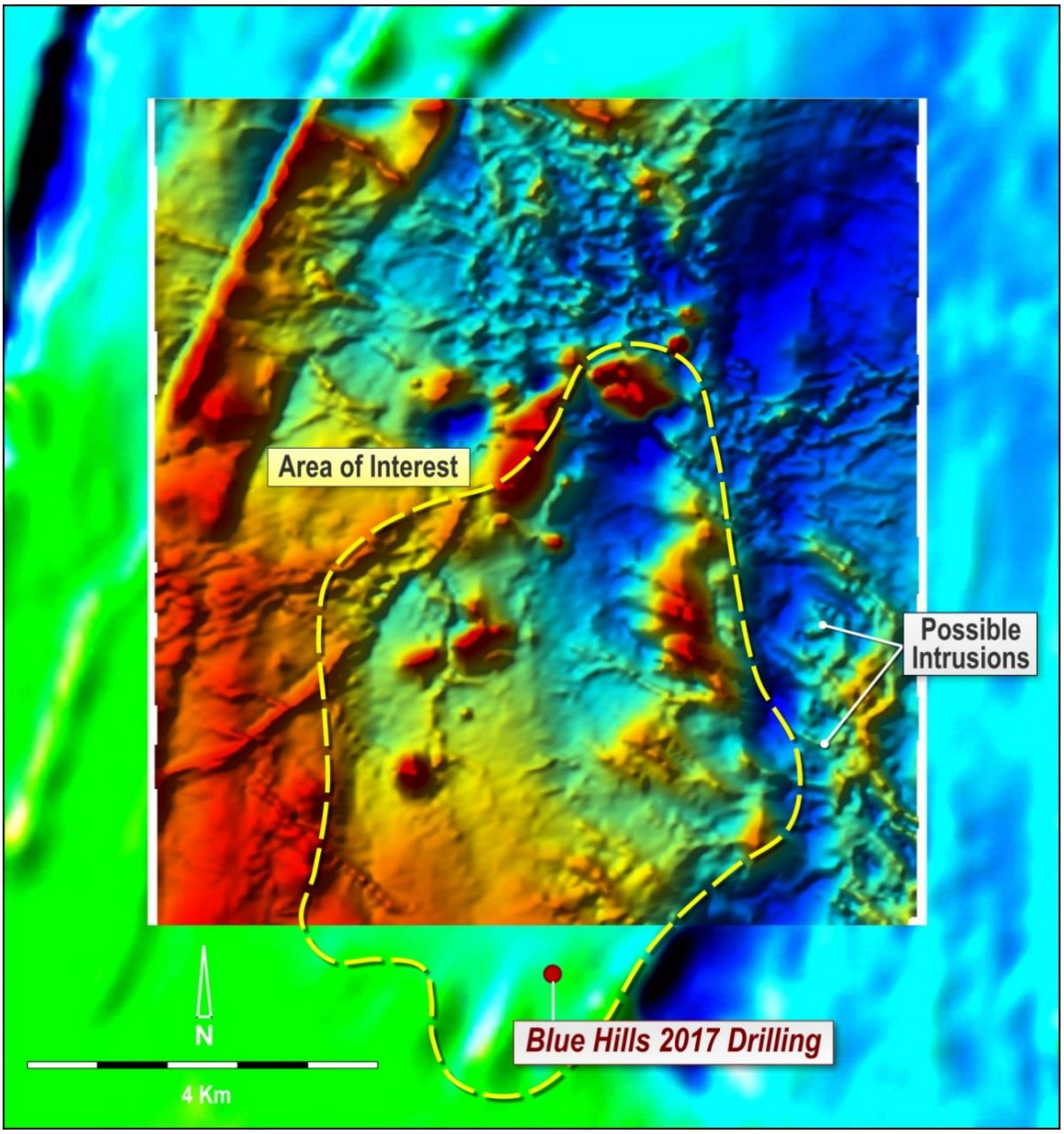

Figure 2: Reprocessed magnetics with Stockdale data integrated with SA Government data - demagnetisation is clearly evident.

Exploration at Blue Hills

Recent shallow RC reconnaissance drilling completed by Archer at Blue Hills intersected copper from surface with the best intercepts being 23m @ 0.3% Cu from surface and 12m @ 0.5% Cu from surface (ASX announcement 7 June 2017). The reconnaissance drilling at Blue Hills was part of a larger RC drill program undertaken at the Ketchowla Cobalt Manganese Project, located approximately 5km to the south of Blue Hills.

The drill results at Blue Hills are considered significant by Archer given that only shallow holes were drilled in an area that has had no previous exploration or drilling. The shallow depth of the drilling and the location of the Blue Hills drilling on the southern edge of the anomaly, indicates that the anomaly has not been properly drill tested.

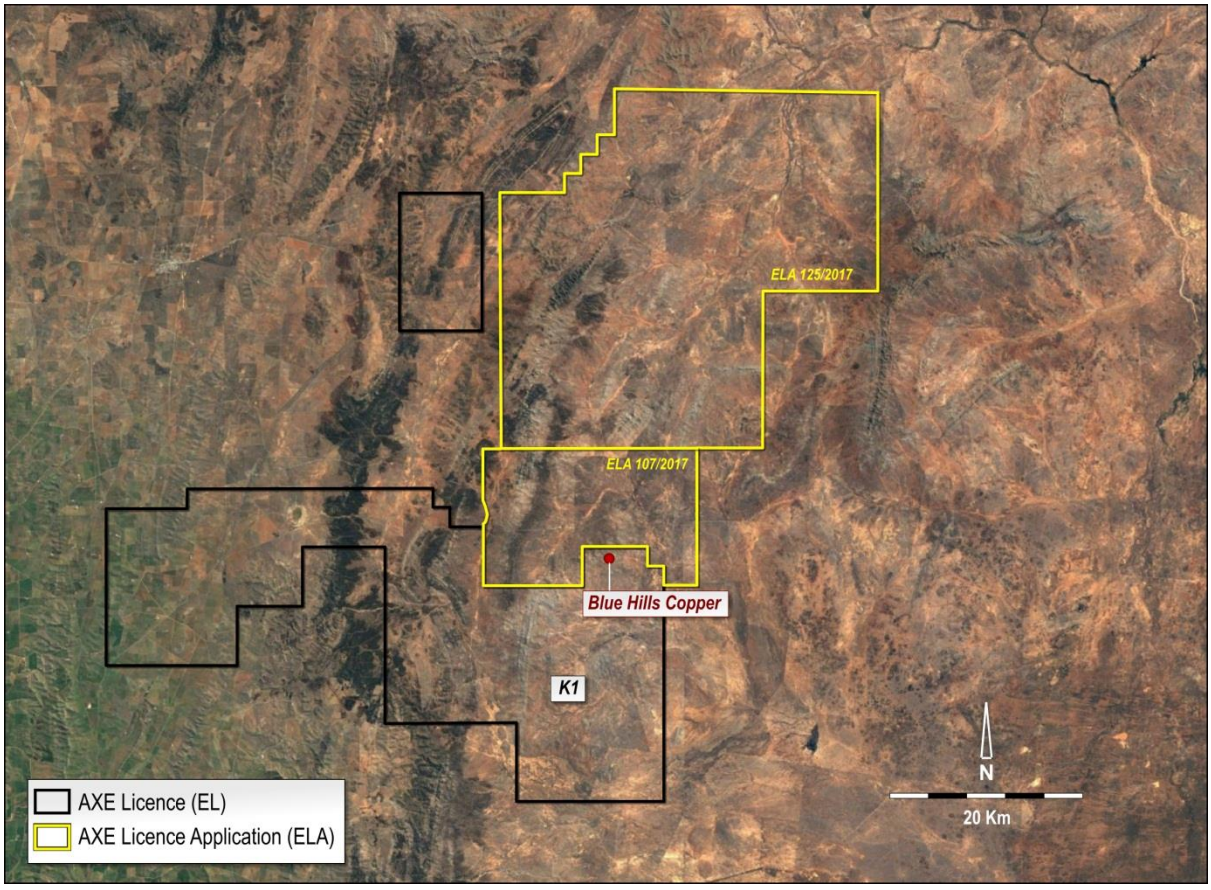

Figure 3: Location of Archer granted tenements and ELA's covering possible extensions to the Blue Hills Copper Prospect

Archer recently announced (ASX announcement 10/07/17) that rock chip sampling at Blue Hills had identified a large area of copper-gold anomalism, with gold up to 8.1g/t reported. No gold has historically been reported in the area and the presence of high grade gold in the rock chips was not expected by Archer. As a result of the presence of high grade gold at Blue Hills, Archer has submitted the recent Blue Hills drill samples for gold assays with results expected by the end of the month.

Next Steps

Archer will commence a detailed and expansive mapping and rock chip and soil sampling campaign over the area of the anomaly. This work will be complemented by a close spaced geophysics program. This work will commence upon the grant of the Pine Creek tenement.

The gold assay results from the Blue Hills drilling are expected in the coming weeks.

For further information, please contact:

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Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Wade Bollenhagen, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Archer Exploration Limited. Mr Bollenhagen has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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”. Mr. Bollenhagen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code Explanation	Commentary
Sampling Techniques	• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	• No sampling being reported.
Drilling Techniques	• Drill type (e.g. core, reverse circulation, open hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	• Drilling is not being reported in this release

Criteria	JORC Code Explanation	Commentary
Drill Sample Recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Drilling is not being reported in this release.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged.	• No sampling being reported. • Drilling is not being reported in this release.
Sub-Sampling Techniques and Sample Preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• Drilling is not being reported in this release.

Criteria	JORC Code Explanation	Commentary
Quality of Assay Data and Laboratory Tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	• No sampling being reported.
Verification of Sampling and Assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• No sampling being reported.
Location of Data Points	• Accuracy and quality of surveys used to locate drillholes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• No sampling being reported.
Data Spacing and Distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Drilling is not being reported in this release.

Criteria	JORC Code Explanation	Commentary
Orientation of Data in Relation to Geological Structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Drilling is not being reported in this release.
Sample Security	• The measures taken to ensure sample security.	• No sampling being reported.
Audits or Reviews	• The results of any audits or reviews of sampling techniques and data.	• None undertaken.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code Explanation	Commentary
Mineral Tenement and Land Tenure Status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• Tenement status confirmed on SARIG. • Work being reported is from EL 5794 (owned by SA Exploration Pty Ltd, a subsidiary of AXE) and ELA 107/2017, which has been offered to SA Exploration Pty Ltd and the terms accepted. • The tenement is in good standing with no known impediments.
Exploration Done by Other Parties	• Acknowledgment and appraisal of exploration by other parties.	• Work has been completed under ELA107/2017, primarily in the search for diamonds, most recently Flinders Diamonds. • In 1999, Stockdale Prospecting Limited completed a heli-mag survey under a previous EL to identify kimberlitic rocks, which present themselves as mag highs. • The survey was flown in a N-S direction at a height of 60m with lines spacings of 100m.
Geology	• Deposit type, geological setting and style of mineralisation.	• The mineralisation style indicates that it was emplaced by fluids (e.g. an intrusive source).

Criteria	JORC Code Explanation	Commentary
Drillhole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: – Easting and northing of the drill hole collar – Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar – Dip and azimuth of the hole – Downhole length and interception depth – Hole length • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• Drilling is not being reported in this release.
Data Aggregation Methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• Drilling is not being reported in this release.
Relationship Between Mineralisation Widths and Intercept Lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').	• Drilling is not being reported in this release.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• Drilling is not being reported in this release.

Criteria	JORC Code Explanation	Commentary
Balanced Reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• The reporting is considered to be balanced.
Other Substantive Exploration Data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• Nothing to report at this stage
Further Work	• The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Further drilling is required along strike as well as testing for mineralisation under cover. • Electro-magnetics will be required to vector areas of greater conductivity and higher mineralisation potential. • Figures in the body of this report highlight the gaps in the data.