Preliminary Final Report for the year ended 30 June 2022

1. Company Details

Name of entity:	Archer Materials Limited
ABN:	64 123 993 233
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

	30 June 2022 $	30 June 2021 $	Variance $	Variance %
Revenue from ordinary activities	-	-	-	-
Profit/(loss) from ordinary activities after tax attributable to members	-	-	-	-
Net profit/(loss) for the period attributable to members	(14,115,728)	(6,593,262)	(7,522,466)	(114%)

Dividends

No dividends have been paid or proposed during the current reporting period.

Key notes

The net loss of the Archer Materials Limited consolidated group of companies for the year ended 30 June 2022 was $14,115,728 (2021: $6,593,262) and includes:

- Share based payments expense of $9,945,024 representing the fair value of unlisted share options issued during the year ended 30 June 2022 (2021: $404,250).
- Unreaslised loss associated with the fair value adjustment of Archer's share investments in:
  - Volatus Capital Corp as at 30 June 2022 of $695,939 (2021: $1,796,488); and
  - ChemX Materials Limited as at 30 June 2022 of $752,123.
- Net loss for the year ended 30 June 2022 from discontinued operations of $67,223 (2021: $3,786,351).

The above expense items are offset by:

- A $464,224 gain associated with the prior period sale of mineral exploration assets to ChemX Materials Ltd ('ChemX'). During the year ended 30 June 2022 Archer received a further 2,321,119 shares in ChemX as payment of the purchase price, according to the terms of the sale agreement. The transaction was completed on 18 June 2021.
- A gain on the sale of plant and equipment ($45,000) and service fee income associated with the provision of technical assistance to third parties ($30,000).

A $973,000 other income item being the estimated research and development tax incentive receivable based on associated expenditure for the year ended 30 June 2022.

3. Net tangible assets

	30 June 2022 (cents)	30 June 2021 (cents)	Variance (cents)	Variance
Net tangible assets per share	12.03 cents	8.58 cents	3.45 cents	40%

The net tangible assets calculation does not include rights-of-use assets of $19,750 (30 June 2021: $30,090) or intangible assets of $248,340 (30 June 2021: $140,208) but includes the lease liabilities of $19,749 (30 June 2021: $30,090).

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Name of entity:	Date
Pirie Resources Pty Ltd (ACN 119 903 301)	14 October 2021
SA Exploration Pty Ltd (ACN 152 429 377)	14 October 2021
Archer Pastoral Company Pty Ltd (ACN 122 575 400)	14 October 2021

Each of the entities listed above were sold to a third party during the current reporting period. The completion date for the sale of the entities was 14 October 2021.

Refer to the attached financial statements and notes for details of the contribution of such entities to the reporting entity's profit from ordinary activities during the reporting period and the profit or loss of such entities during the whole of the previous corresponding reporting period.

6. Dividends

No dividends have been paid or proposed during the current or prior reporting period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The 30 June 2022 financial report and accompanying notes for the Group are in the process of being audited by Grant Thornton Audit Pty Ltd and the Directors do not expect any disputes or qualifications.

11. Attachments

Details of attachments (if any):

The Preliminary Final Report of Archer Materials Limited for the year ended 30 June 2022 is attached.

12. Signed

As authorised by the Board of Directors

Signed ______________________ Date 30 August 2022

Greg English
Executive Chairman
Adelaide

Archer Materials Limited

(ABN 64 123 993 233)

Preliminary Final Report

For the year ended

30 June 2022

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Statement of Profit or Loss and Other Comprehensive Income

(For the year ended 30 June)

		CONSOLIDATED GROUP	
		2022	**2021**
	Notes	**$**	**$**
REVENUE			
Revenue from ordinary activities		-	-
Research and development tax concession		973,000	467,662
Other income	3	650,472	1,720,159
		1,623,472	**2,187,821**
EXPENSES			
Depreciation expense		(37,829)	(26,244)
Amortisation of intangibles	11	(12,577)	(6,054)
Advanced materials research expenses		(2,259,068)	(974,024)
Employee benefits expense		(1,081,234)	(1,170,093)
Share based payments expense	17	(9,945,024)	(404,250)
Fair value loss on financial assets	9	(1,448,062)	(1,796,488)
Corporate consultants/public relations expense		(131,026)	(86,409)
ASX listing and share registry expense		(345,000)	(174,099)
Other expenses		(412,157)	(357,071)
LOSS BEFORE INCOME TAX EXPENSE		**(14,048,505)**	**(2,806,911)**
Income tax expense		-	-
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(14,048,505)**	**(2,806,911)**
DISCONTINUED OPERATIONS			
Loss after income tax for the period from discontinued operations	18	(67,223)	(3,786,351)
LOSS ATTRIBUTED TO MEMBERS OF THE PARENT ENTITY		**(14,115,728)**	**(6,593,262)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**(14,115,728)**	**(6,593,262)**
		Cents	*Cents*
Loss per share			
Basic and diluted loss for the year per share	15	(5.68)	(2.93)
Loss per share for continuing operations			
Basic and diluted loss for the year per share	15	(5.65)	(1.25)

The accompanying notes form part of the financial statements.

Statement of Financial Position

(As at 30 June)

		CONSOLIDATED GROUP	
		30 JUNE 2022	**30 JUNE 2021**
	Notes	**$**	**$**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	26,463,687	6,239,099
Trade and other receivables	8	1,094,018	497,738
Other financial assets	9	1,708,806	2,692,644
Other current assets		583,713	18,986
		29,850,224	9,448,467
Assets of disposal groups classified as held for sale	18	-	10,018,006
TOTAL CURRENT ASSETS		29,850,224	19,466,473
NON-CURRENT ASSETS			
Intangible assets	11	248,340	140,208
Property, plant and equipment		47,220	55,589
Right of use asset – office lease		19,750	30,090
TOTAL NON- CURRENT ASSETS		315,310	225,887
TOTAL ASSETS		30,165,534	19,692,360
CURRENT LIABILITIES			
Trade and other payables	12	348,759	249,471
Lease liability		10,652	10,341
Employee entitlements	13	336,403	296,024
		695,814	555,836
Liabilities of disposal groups classified as held for sale	18	-	85,894
TOTAL CURRENT LIABILITIES		695,814	641,730
NON-CURRENT LIABILITIES			
Lease liability		9,097	19,749
Employee entitlements	13	41,322	71,228
TOTAL NON-CURRENT LIABILITIES		50,419	90,977
TOTAL LIABILITIES		746,233	732,707
NET ASSETS		**29,419,301**	**18,959,653**
EQUITY			
Issued capital	14	47,723,569	33,093,217
Reserves	16	10,893,334	1,388,813
Accumulated losses		(29,197,602)	(15,522,377)
TOTAL EQUITY		**29,419,301**	**18,959,653**

The accompanying notes form part of the financial statements.

Statement of Changes in Equity

(For the year ended 30 June)

	Issued Capital $	Retained Earnings $	Share Based Payments Reserve $	Acquisition Reserve $	Total $
BALANCE AT 1 JULY 2020	**32,485,250**	**(9,181,552)**	**997,000**	**240,000**	**24,540,698**
Expense associated with unlisted option vesting during the period	-	-	404,250	-	404,250
Shares issued during the year (net of costs)	607,967	-	-	-	607,967
Transfer of share- based payments reserve to retained earnings	-	252,437	(252,437)	-	-
Transactions with owners	**33,093,217**	**(8,929,115)**	**1,148,813**	**240,000**	**25,552,915**
Total loss for the year	-	(6,593,262)	-	-	(6,593,262)
Other comprehensive income	-	-	-	-	-
BALANCE AT 30 JUNE 2021	**33,093,217**	**(15,522,377)**	**1,148,813**	**240,000**	**18,959,653**

	Issued Capital $	Retained Earnings $	Share Based Payments Reserve $	Acquisition Reserve $	Total $
BALANCE AT 1 JULY 2021	**33,093,217**	**(15,522,377)**	**1,148,813**	**240,000**	**18,959,653**
Expense associated with unlisted option vesting during the period (refer Note 17)	-	-	9,945,024	-	9,945,024
Shares issued during the year - net of costs (refer Note 14)	24,630,352	-	-	-	24,630,352
Return of capital - by way of a pro-rata in-specie distribution of iTech shares to Archer shareholders (refer Note 18)	(10,000,000)	-	-	-	(10,000,000)
Transfer of share- based payments reserve to retained earnings	-	200,503	(200,503)	-	-
Transactions with owners	**47,723,569**	**(15,321,874)**	**10,893,334**	**240,000**	**43,535,029**
Transfer of acquisition reserve from prior periods to retained earnings	-	240,000	-	(240,000)	-
Total loss for the year	-	(14,115,728)	-	-	(14,115,728)
Other comprehensive income	-	-	-	-	-
BALANCE AT 30 JUNE 2022	**47,723,569**	**(29,197,602)**	**10,893,334**	**-**	**29,419,301**

The accompanying notes form part of the financial statements.

Statement of Cash Flows

(For the year ended 30 June)

		CONSOLIDATED GROUP	
		2022	**2021**
	Notes	**$**	**$**
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,438,381)	(1,569,847)
Payments for advanced materials research		(2,259,068)	(974,024)
Interest received		12,915	10,225
Research and development tax concession received		464,051	238,859
Innovation grant received		25,000	47,129
Services Income		30,000	-
Commonwealth Government COVID Stimulus		-	50,000
NET CASH USED IN OPERATING ACTIVITIES	19	**(4,165,483)**	**(2,197,658)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intellectual property		(120,709)	(56,275)
Payments for property, plant and equipment		(19,120)	(40,801)
Proceeds from the sale of property, plant and equipment		45,000	-
Payment received from the sale of non-current assets		-	150,000
NET CASH PROVIDED BY / (USED) IN INVESTING ACTIVITIES		**(94,828)**	**52,924**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	14	25,621,808	607,967
Payments for costs of capital raised		(991,457)	-
Payment of lease liability		(10,341)	(1,750)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**24,620,010**	**606,217**
CASH FLOWS (USED) / PROVIDED BY DISCONTINUED OPERATIONS	18	**(135,111)**	**(337,066)**
Net increase / (decrease) in cash held		20,224,588	(1,875,583)
Cash at the beginning of the year		6,239,099	8,114,682
CASH AT THE END OF THE FINANCIAL YEAR	7	**26,463,687**	**6,239,099**

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

(For the year ended 30 June 2022)

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Archer Materials Limited is a for profit entity for the purposes of preparing the financial statements. The financial report has been presented in Australian dollars.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Principles of Consolidation

The parent entity controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. A list of controlled entities is contained in Note 10 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included/(excluded) from the date control was obtained/(ceased).

All inter-group balances and transactions between entities in the consolidated group, including any recognised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with those adopted by the parent entity.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 18 and Note 20. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which if applicable, will be shown within borrowings in current liabilities on the Statement of Financial Position.

Property, plant and equipment

Property, plant and equipment is carried at cost less where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which are they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Non-Current Asset	**Depreciation Rate**	**Basis of Depreciation**
Plant and Equipment	*10 – 33%*	*Straight Line*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with finite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred and included in the statement of profit or loss as research and development costs. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Patents and licences

The Group has made payments in respect of patents and licences and also pays for on-going patent prosecution costs. The Licences have been granted for patents which are undergoing prosecution by the relevant government agencies and the Company also owns a patent undergoing prosecution.

Patents have a life of up to 20 years and are assessed on a case by case basis. Licences for the use of intellectual property are granted for periods ranging between three and five years depending on the specific licences. The licences require an annual fee to be paid to continue to access the licenses. As a result, those licences are assessed as having an indefinite useful life.

A summary of the policies applied to the Group's intangible assets is, as follows:

	Licences	Patents
Useful lives	Finite (5 years)	Finite (20 years)
Amortisation method used	Amortised on a straight-line basis over the period of the licence	Amortised on a straight-line basis over the period of the patent
Internally generated or acquired	Acquired	Acquired

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year/period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for these benefits. Those cashflows are discounted using market yields on high quality corporation bonds with terms to maturity that match the expected timing of cashflows.

Share-based Payments

Equity-settled transactions

The Company provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company currently provides benefits under a Performance Rights and Share Option Plan.

The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

i) the extent to which the vesting period has expired; and

ii) the number of awards that, in the opinion of the directors, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding Options and Rights is reflected as additional share dilution in the computation of earnings per share.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or Options are shown in equity as a deduction, net of tax, from the proceeds.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset

ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Financial Instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Income Tax

The income tax expense/(revenue) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense/(income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset recognised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Archer Materials Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2007.

Research and Development Tax Concession

To the extent that research and development costs are eligible activities under the “Research and development tax incentive” programme, a refundable tax offset is available for companies with annual turnover of less than $20 million. The Group recognises refundable tax offsets received in the financial year as R&D tax concession income in statement of profit or loss, resulting from the monetisation of available tax losses that otherwise would have been carried forward. These amounts are recognised at their fair value only to the extent that where there is reasonable assurance that the incentive will be received.

Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Tax Office is included in other receivables or other payables in the statement of financial position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Tax Office.

Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Group.

Key estimates

(i) Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less cost of disposal calculations which incorporate various key assumptions.

(ii) Research and development (R&D) tax concession

The Group is entitled to claim R&D tax incentives in Australia. The R&D tax incentive is calculated using the estimated expenditures multiplied by a 43.5% non-refundable tax offset. It has been established that the conditions of the R&D incentive have been met and that the expected amount of the incentive can be reliably measured. Estimated amounts receivable are recognised as research and development tax concession income.

Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation of the current financial year.

Adoption of New and Revised Accounting Standards

At the date of authorisation of these financial statements, several new Standards and amendments to existing Standards, and Interpretations have been published by the AASB.

Management have adopted all relevant pronouncements, as applicable, for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

NOTE 2 – OPERATING SEGMENTS

The Directors have considered the requirements of AASB 8 - Operating segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources have concluded at this time there are no separately identifiable segments. The Group operates in one segment being materials technology research and development. As detailed elsewhere in this report, during the year ended 30 June 2022, the Company completed the sale of its mineral exploration business to iTech Minerals Ltd and undertook a pro-rata in-specie distribution of 50,000,000 iTech shares to Archer shareholders (being distribution of the consideration shares received by Archer for the sale to iTech) (refer Note 18).

NOTE 3 – OTHER INCOME

	CONSOLIDATED GROUP	
	30 JUNE 2022 $	**30 JUNE 2021 $**
Interest income	86,248	11,293
Gain on sale of plant and equipment	45,000	-
Consulting services income	30,000	-
Gain on sale of non-current assets – sale to ChemX Materials Ltd (refer Note 20)	464,224	1,661,737
Commonwealth innovation grant	25,000	47,129
Total other income	**650,472**	**1,720,159**

NOTE 4 – INCOME TAX BENEFIT / (LOSS)

	30 JUNE 2022 $	30 JUNE 2021 $
a) The components of income tax benefit comprise:		
Current tax	-	-
b) The prima facie tax on loss from before income tax is reconciled to the income tax as follows:		
30% (2021: 30%):		
Net loss from continuing operations	(14,048,505)	(2,806,911)
Net loss from discontinued operations	(67,223)	(3,786,351)
Total loss from continued and discontinued operations	**(14,115,728)**	**(6,593,262)**
Income tax rate	25%	26%
Prima facie tax benefit on loss before income tax	(3,528,932)	(1,714,248)
Non-deductible expenses	-	(140,298)
Tax effect of temporary differences not brought to account as they do not meet the recognition criteria	3,528,932	1,854,546
Income tax attributable to loss from continued and discontinued operations	-	-
c) Unused tax losses for which no deferred tax asset has been recognised at 30%	8,906,658	7,793,904

NOTE 5 – KEY MANAGEMENT PERSONNEL COMPENSATION

a) Names and positions held of consolidated entity key management personnel in office at any time during the financial year are:

Mr Greg English	Chairman – Executive	
Mr Kenneth Williams	Director – Non-executive	
Ms Bernadette Harkin	Director – Non-executive	*(appointed 6 October 2021)*
Ms Alice McCleary	Director – Non-executive	*(resigned 24 November 2021)*
Dr Mohammad Choucair	Chief Executive Officer	
Mr Damien Connor	Chief Financial Officer & Company Secretary	

Other than the directors and officers of the company listed above, there are no additional key management personnel.

b) Key Management Personnel (KMP) Compensation

The aggregate remuneration of KMP of the Group during the year is as follows:

	30 JUNE 2022 $	30 JUNE 2021 $
Short term benefits	941,218	952,376
Post-employment benefit	77,180	77,488
Share - based payments	6,409,476	404,250
	7,427,874	1,434,114

NOTE 6 – AUDITOR REMUNERATION

Total fees paid or payable for services provided by Grant Thornton Audit Pty Ltd and its related practices were as follows:

	30 JUNE 2022 $	30 JUNE 2021 $
Audit Services		
Audit and review of Financial Reports	53,000	43,850

No non audit services were provided.

NOTE 7– CASH AND CASH EQUIVALENTS

	30 JUNE 2022 $	30 JUNE 2021 $
Short term bank deposits	25,045,145	1,081,618
Cash at bank and on hand	1,418,542	5,157,481
	26,463,687	6,239,099

Short term bank deposits are at call within 30 days' notice. The Group's exposure to interest rate risk is summarised at Note 23.

NOTE 8– TRADE AND OTHER RECEIVABLES

	30 JUNE 2022 $	30 JUNE 2021 $
Research and development tax receivable	973,000	467,662
Accrued interest	80,806	7,573
Other receivables	40,112	22,503
	1,094,018	497,738

NOTE 9 – OTHER FINANCIAL ASSETS

	30 JUNE 2022 $	30 JUNE 2021 $
Financial assets - at fair value through profit or loss		
- Listed Investment in Volatus Capital Corp ("Volatus")	146,705	842,644
- Listed Investment in ChemX Materials Ltd ("ChemX")	1,562,101	1,850,000
	1,708,806	2,692,644
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	2,692,644	-
Additions – consideration received Volatus	-	2,639,132
Additions – consideration received ChemX [1, 2]	464,224	1,850,000
Change in fair value	(1,448,062)	(1,796,488)
Closing fair value	1,708,806	2,692,644

1 *Archer was issued 2,321,119 shares in ChemX on 31 December 2021 as additional consideration equal to 5% of the enterprise value of ChemX at the time of ASX listing (unable to be quantified at the date of sale), pursuant to the sale agreement between the Company and ChemX for the sale of the mineral exploration licences EL 5815 (Waddikee) and EL 5920 (Carappee Hill). As at 30 June 2022, Archer holds a total of 11,571,119 shares in ChemX, which are being held in escrow until 18 January 2024, being 24 months from the date of commencement of Official Quotation of ChemX shares on ASX.*

2 *ChemX Materials Limited commenced ASX quotation on 18 January 2022. The issue price of ChemX shares under the replacement prospectus dated 26 November 2021 was $0.20 per share.*

All financial assets designated at fair value through profit or loss utilise level 1.

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs)

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

The fair value of listed investments (publicly traded equity securities) are based on quoted market prices at the end of the reporting period (Level 1). The fair value of unlisted investments has been valued with reference to unobservable market data (Level 3).

NOTE 10– INVESTMENT IN CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 30 JUNE 2022 %	30 JUNE 2021 %
Parent Entity			
- Archer Materials Limited	*Australia*		
Subsidiaries of Archer Materials Limited:			
- Carbon Allotropes Pty Limited	*Australia*	100	100
- Archer Energy and Resources Pty Ltd	*Australia*	100	100
- Archer Metals Pty Ltd	*Australia*	100	100
- Archer IOCG Pty Ltd	*Australia*	100	100
- Pirie Resources Pty Ltd [1]	*Australia*	-	100
- Archer Pastoral Company Pty Ltd [1]	*Australia*	-	100
- SA Exploration Pty Ltd [1]	*Australia*	-	100

[1] During the reporting period, the Company completed the sale of its mineral exploration business to iTech Minerals Ltd ("iTech"). Under the sale agreement with iTech (the "Transaction"), Archer agreed to sell its mineral exploration business (being the sale of Pirie Resources Pty Ltd, Archer Pastoral Company Pty Ltd and SA Exploration Pty Ltd) to iTech, in return for 50 million iTech shares ("iTech Shares"). Archer distributed the iTech Shares in-specie to Archer shareholders (the "In-Specie Distribution"). The Transaction and In-Specie Distribution were both approved by Archer shareholders at a general meeting held on 30 August 2021. Refer Note 20 for further details regarding the sale to iTech.

NOTE 11 – INTANGIBLE ASSETS

	30 JUNE 2022 $	30 JUNE 2021 $
Patents, licences and trademarks - at cost	273,275	152,567
Accumulated amortisation	(24,935)	(12,359)
	248,340	**140,208**
Movements in carrying amounts:		
Balance at the beginning of the period	140,208	89,987
Additions	120,709	56,275
Amortisation	(12,577)	(6,054)
Balance at the end of the period	**248,340**	**140,208**

NOTE 12 – TRADE AND OTHER PAYBLES

	30 JUNE 2022 $	30 JUNE 2021 $
Trade payables	104,894	84,023
Other creditors and accruals	243,865	165,448
	348,759	249,471

NOTE 13 – EMPLOYEE ENTITLEMENTS

	30 JUNE 2022 $	30 JUNE 2021 $
Current – leave entitlements and bonus provisions	336,403	296,024
Non-current - long service leave	41,322	71,228
	377,725	367,252

NOTE 14 – ISSUED CAPITAL

	Consolidated Group 30 June 2022 $	Consolidated Group 30 June 2021 $
248,567,207 (2021: 227,506,546) fully paid ordinary shares	47,723,569	33,093,217

a) Shares on issue:

30 June 2022	***Number***	***$***
Movements in fully paid shares		
Balance as at 1 July 2021	227,506,546	33,093,217
Shares issued - exercise of Options (16 July 2021)	200,000	38,580
Shares issued – placement (net of costs) (8 October 2021)	10,344,828	14,010,000
Shares issued - exercise of Options (8 October 2021)	1,200,000	231,480
Return of Capital - in-specie distribution [1]	N/A	(10,000,000)
Shares issued – share purchase plan (27 October 2021)	6,897,556	10,000,000
Shares issued - exercise of Options (2 November 2021) [2]	1,318,277	199,192
Shares issued - exercise of Options (29 November 2021) [2]	100,000	15,110
Shares issued - exercise of Options (20 April 2022) [2]	300,000	45,330
Shares issued - exercise of Options (27 May 2022) [2]	600,000	90,660
Transaction costs of shares issued	n/a	(990,000)
Balance as at 30 June 2022	248,467,207	47,723,569

[1] *The value of the capital reduction effected by way of in-specie distribution of 50,000,000 shares in iTech Minerals Ltd ('iTech') to Archer shareholders on 15 October 2021. The 50,000,000 shares in iTech were issued at $0.20 per share as consideration for the sale of the Company's remaining mineral exploration business to iTech. Refer to Note 18 for further details regarding the sale to iTech and pro-rata in-specie distribution of iTech shares to Archer shareholders.*

[2] *Following the return of capital by way of pro-rata in-specie distribution of 50,000,000 iTech shares (refer Note 18), on 15 October 2021 the exercise price of outstanding Options were adjusted in accordance with the ASX Listing rules. Options previously exercisable at $0.1929 were adjusted to be exercisable at $0.1511 each, and Options previously exercisable at $0.7695 were adjusted to be exercisable at $0.7277 each.*

Shares on issue:

30 June 2021	***Number***	***$***
Movements in fully paid shares		
Balance as at 1 July 2020	224,354,823	32,485,250
Shares issued - exercise of Options (18 September 2020)	300,000	57,870
Shares issued - exercise of Options (16 October 2020)	181,723	35,054
Shares issued - exercise of Options (11 December 2020)	300,000	57,870
Shares issued - exercise of Options (29 January 2021)	500,000	96,450
Shares issued - exercise of Options (19 February 2021)	300,000	57,870
Shares issued - exercise of Options (19 March 2021)	100,000	19,290
Shares issued - exercise of Options (17 June 2021)	1,470,000	283,563
Balance as at 30 June 2021	227,506,546	33,093,217

NOTE 14 – ISSUED CAPITAL……….continued

(b) Options on issue

All options on issue are unlisted options (Options). Details of the Options outstanding as at the end of the year are set out below:

ISSUED TO	ISSUE DATE	GRANT DATE	NUMBER OF OPTIONS GRANTED	OPTION EXERCISE PRICE	EXPIRY DATE	BALANCE AT 30 JUNE 2022	BALANCE AT 30 JUNE 2021
DIRECTORS & CEO	12/11/2019	30/10/2019	11,500,000	$0.1511 [1]	31/03/2023	8,300,000	9,000,000
OTHER EMPLOYEES	12/11/2019	12/11/2019	6,000,000	$0.1511 [1]	31/03/2023	1,000,000	4,018,277
DIRECTOR	30/11/2020	30/11/2020	1,500,000	$0.7277 [1]	31/03/2024	1,500,000	1,500,000
DIRECTORS, CEO & OTHER EMPLOYEES	2/12/2021	24/11/2021	24,050,000	$1.79	31/05/2025	24,050,000	-
			43,050,000			34,850,000	**14,518,277**

1 Following the return of capital by way of pro-rata in-specie distribution of 50,000,000 iTech shares (refer Note 18), on 15 October 2021 the exercise price of outstanding Options at that time were adjusted in accordance with the ASX Listing rules. Options previously exercisable at $0.1929 were adjusted to be exercisable at $0.1511 each, and Options previously exercisable at $0.7695 were adjusted to be exercisable at $0.7277 each.

All Options are unlisted and are exercisable into fully paid ordinary shares in the Company on a one for one basis.

Options granted during the year

On 2 December 2021, a further 24,050,000 Options were issued to Directors and employees of Archer following shareholder approval at the Company's Annual General Meeting held on 24 November 2021 (2021 AGM). Options were granted at no cost to the recipients and vest immediately upon issue.

Options exercised during the year

During the reporting period 3,718,277 Options were exercised into fully paid ordinary shares.

Options forfeited during the year

No Options were lapsed or forfeited during the year.

See Note 17 for further details regarding movements in Options during the current and prior reporting periods.

c) Performance Rights (Rights) on issue

There were no Rights on issue during the reporting period or as at the date of this report.

d) Capital Management

Management effectively manages the Group's capital and capital structure by assessing the Group's financial risks through regular monitoring of budgets and forecast cashflows. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business, including through the issue of shares. The Group's capital is shown as issued capital in the statement of financial position. The Group is not subject to any external capital restrictions.

NOTE 15 – LOSS PER SHARE

	30 JUNE 2022 $	30 JUNE 2021 $
Reconciliation of earnings to Statement of Profit or Loss and other Comprehensive Income		
Loss for year used to calculate basic EPS	(14,115,728)	(6,593,262)
	NUMBER	*NUMBER*
a) Weighted average number of shares outstanding during the year used in calculation of basic EPS	241,767, 819	225,278,694

b) In accordance with AASB 133 “Earnings per Share” as potential ordinary shares may only result in a situation where their conversion results in a decrease on profit per share or increase in loss per share, no dilutive effect has been taken into account.

NOTE 16 – RESERVES

a) Share-based payments reserve

	30 JUNE 2022 $	30 JUNE 2021 $
Share based payment reserve	10,893,334	1,148,813
Movement associated with Options during the year:		
Opening Balance	1,148,813	997,000
Options issued	9,925,024	404,250
Options exercised	(200,503)	(252,437)
Closing Balance	10,893,334	1,148,813

The share-based payments reserve records items recognised as an expense on the valuation of Options or performance rights. Refer Note 17 for further details regarding the movement in Options issued during the reporting period.

b) Acquisition reserve

	30 JUNE 2022 $	30 JUNE 2021 $
Acquisition reserve	-	240,000

The acquisition reserve represented the fair value of consideration paid (in performance rights) for the Company’s prior periods acquisition of Carbon Allotropes Pty Limited. An amount of $240,000 was transferred to retained losses for the year ended 30 June 2022.

NOTE 17– SHARE BASED PAYMENTS

UNLISTED OPTIONS

30 June 2022

The number of Options and weighted average exercise prices are as follows for the reporting period presented:

	Number of Options	30 JUNE 2022 $	Weighted average exercise price per Option
Opening Balance	14,518,277	1,148,813	$0.25
Granted	24,050,000	9,945,024	$1.79
Exercised	(3,718,277)	(200,503)	$0.16
Closing Balance	**34,850,000**	**10,893,334**	**$1.30**

Weighted average remaining contractual life of Options at 30 June 2022 is 2.29 years.

An amount of $200,503 was written-back to retained losses during the reporting period, relating to prior period share-based payments associated with the options that were exercised into shares during the current reporting period (2021: $252,437).

Options granted during the year ended 30 June 2022

On 2 December 2021, 24,050,000 unlisted Options were issued to Archer's directors and employees following shareholder approval at the Company's Annual General Meeting held on 24 November 2021 ("2021 AGM"). The Options were granted at no cost to the recipient and vest 1/3rd on 31 May 2022, 1/3rd on 31 May 2023, and 1/3rd on 31 May 2024 provided that the recipient is an employee of the Company at the date of vesting. The Options have an exercise price of $1.79 each and expiry date of 31 May 2025.

The total fair value at the grant date for the 24,050,000 Options was $18,287,706, and this amount is being expensed to the Statement of Profit or Loss and Other Comprehensive Income under 'share based payments expense' over the vesting periods applicable to the Options. Accordingly, an amount of $9,945,024 has been included in the Statement of Profit or Loss and Other Comprehensive Income under 'share based payments expense' for the year ended 30 June 2022 (2021: $404,250).

The Options were granted pursuant to the Company's Performance Rights and Share Option Plan, which was approved by shareholders at the Annual General Meeting held on 30 October 2019.

Details of the Options granted during the reporting period are set out below:

ISSUED TO	GRANT DATE	ISSUE DATE	NUMBER OF OPTIONS GRANTED	OPTION EXERCISE PRICE	1st VESTING DATE	2nd VESTING DATE	3rd VESTING DATE	EXPIRY DATE
Directors and Employees	24/11/2021	02/12/2021	24,050,000	$1.79	31/05/2022	31/05/2023	31/05/2024	31/05/2025

All options are unlisted and are exercisable into fully paid ordinary shares in the Company on a one for one basis.

The fair value of the Options issued was calculated by using a Black-Scholes option pricing model and was estimated on the date of the grant using the following assumptions:

	Director and Employee Options
Share price at date of grant ($)	1.39
Historic volatility (%)	88.5
Risk free interest rate (%)	0.99
Expected life of Options (days)	1284
Fair value at grant date ($)	0.766

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the Options is based on the historical exercise patterns, which may not eventuate in the future.

NOTE 17– SHARE BASED PAYMENTS……continued

Options exercised during the year ended 30 June 2022

During the reporting period a total of 3,718,277 Options with an expiry date of 31 March 2023, were exercised into shares, comprising 1,400,000 options (exercise price of $0.1929) and 2,318,277 (exercise price of $0.1511).

An amount of $200,503 was written-back to retained losses during the reporting period, relating to prior period share-based payments associated with the Options that were exercised into shares during the current reporting period (2021: $252,437).

Options forfeited during the year ended 30 June 2022

No options were lapsed or forfeited during the reporting period.

PERFORMANCE RIGHTS

There were no Rights on issue during the current or prior reporting periods.

NOTE 18 – DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND DISCONTINUTED OPERATIONS

SALE OF SUBSIDIARIES TO ITECH MINERALS LTD

On 12 April 2021, the Company announced that it had signed a legally binding share sale agreement with iTech Minerals Pty Ltd ("iTech") for the sale of all of the three subsidiary companies that held Archer's remaining mineral tenements (the "Transaction").

At the Company's General Meeting held on 30 August 2021, Archer shareholders approved the sale of the Company's remaining mineral exploration projects to iTech in return for 50 million iTech shares (Resolution 1) and the reduction of capital by way of pro-rata in-specie distribution of the 50 million iTech shares to eligible Archer shareholders (Resolution 2).

The Transaction completed on 14 October 2021, with the Company receiving received 50 million iTech shares (with a value of $0.20 per iTech share), which were disbursed to Archer shareholders by way of a pro-rata in-specie distribution on 15 October 2021. The Company did not hold any iTech shares following completion of the Transaction.

The following table represents the carrying amounts of net assets over which control was lost at the date of completion.

Carrying amounts of net assets over which control was lost	**Total $**
Assets	
Non-current exploration assets held for sale	10,000,000
	10,000,000
Liabilities	**-**
Net assets disposed	**10,000,000**
Consideration received:	
Fair value of equity received in iTech Minerals Ltd – 50,000,000 shares	10,000,000
Total consideration received	**10,000,000**
Gain /(loss) on disposal group classified as held for sale assets	**-**
Equity	
Return of capital by way of pro-rata in-specie distribution of iTech shares	**(10,000,000)**

NOTE 18 – DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS ….continued

The combined net operating loss of the three companies sold to iTech namely SA Exploration Pty Ltd, Pirie Resources Pty Ltd and Archer Pastoral Company Pty Ltd are shown below:

	30 JUNE 2022	30 JUNE 2021
	$	$
Interest income	89	734
Impairment of exploration assets	-	(4,948,249)
Exploration expenditure expensed	(56,799)	(67,747)
Depreciation	(9,682)	(10,563)
Other expenses	(831)	(4,825)
Loss for year from discontinued operations before tax	**(67,223)**	**(5,030,650)**

The combined assets and liabilities of SA Exploration Pty Ltd, Pirie Resources Pty Ltd and Archer Pastoral Company Pty Ltd are shown below:

	30 JUNE 2022	30 JUNE 2021
	$	$
Statement of financial position		
Other current assets	-	8,324
Non-current plant and equipment	-	9,682
Non-current exploration assets	-	10,000,000
Assets of the disposal group held for sale	**-**	**10,018,006**
Current trade payables	-	85,894
Liabilities included in disposal group held for sale	**-**	**85,894**

Cash flows generated by SA Exploration Pty Ltd, Pirie Resources Pty Ltd and Archer Pastoral Company Pty Ltd are shown below:

	30 JUNE 2022	30 JUNE 2021
	$	$
Operating activities	(135,111)	(21,895)
Investing activities	-	(315,172)
Net cash used in discontinued operations	**(135,111)**	**(337,067)**

NOTE 19 – CASH FLOW INFORMATION

CONTINUING OPERATIONS

a) Reconciliation of cash flows from continuing operations with loss after income tax	30 JUNE 2022 $	30 JUNE 2021 $
Loss after income tax	(14,048,505)	(2,806,911)
Depreciation (net of capitalised depreciation)	37,829	26,244
Amortisation of intangibles	12,577	6,054
Fair value loss on financial assets (Note 9)	1,448,062	1,796,488
Share based payments	9,945,024	404,250
Gain on sale of non-current assets – sale to ChemX (Note 20)	(464,224)	(1,661,737)
Gain on sale non-current assets - plant and equipment	(45,000)	-
Changes in assets and liabilities:		
- Increase in trade and other receivables	(1,161,007)	(180,034)
- Increase in trade and other payables	99,288	110,336
- Increase in employee entitlements	10,473	107,652
Net cash used in operating activities from continuing operations	**(4,165,483)**	**(2,197,658)**

b) Non-Cash Financing and Investing Activities

During the reporting period Archer was issued 2,321,119 shares in ChemX Materials Limited ('ChemX') as additional consideration equal to 5% of the enterprise value of ChemX at the time of ASX listing, in accordance with the sale agreement between the Company and ChemX for the sale of the mineral exploration licences EL 5815 (Waddikee) and EL 5920 (Carappee Hill).

ChemX Materials Limited commenced ASX quotation on 18 January 2022. The issue price of ChemX shares under the replacement prospectus dated 26 November 2021 was $0.20 per share. The fair value at the date of receiving the additional 2,321,119 shares held in ChemX was $464,224. An amount of $464,224 was recorded as income on the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022. Refer Note 9 for further details regarding shares held by the company as financial assets on the Statement of Financial Position as at 30 June 2022.

There were no further non-cash investing activities undertaken during reporting period.

There were no non-cash financing activities undertaken during reporting period.

DISCONTINUED OPERATIONS

a) Reconciliation of cash flows from discontinued operations with loss after income tax	30 JUNE 2022 $	30 JUNE 2021 $
Loss after income tax	(67,223)	(3,786,351)
Depreciation	9,683	10,563
Impairment of exploration assets	-	5,015,996
Gain on sale of disposal group held for sale -Leigh Creek Magnesia Project	-	(1,244,299)
Changes in liabilities:		
- Increase / (Decrease) in trade and other payables	8,324	(17,804)
Net cash used in discontinued operating activities (Note 18)	(135,111)	(21,895)
Net cash (used) / from discontinued investing activities (Note 18)	-	(315,172)
Total cash (used) / from discontinued operations	**(135,111)**	**(337,067)**

NOTE 20 – SALE OF NON-CURRENT ASSETS

During the prior year ended 30 June 2021 the Company signed a legally binding sale agreement (“Agreement”) with ChemX Materials Limited (“ChemX”) ("Buyer") for the sale of the mineral exploration licences EL 5815 (Waddikee) and EL 5920 (Carappee Hill) located on the Eyre Peninsula in South Australia ("Sale Tenements") (ASX Ann. 22 Dec 2020).

On 18 June 2021, the Company announced that it had completed the sale and purchase of the Sale Tenements to ChemX. At completion, the Company received 9.25 million ChemX shares at an issue price of $0.20 per share for a total value of $1.85 million.

The terms of the sale ChemX sale agreement were detailed in two ASX announcements (ASX ann. 22 Dec 2020 and 15 Mar 2021). In summary, the purchase price payable by ChemX for the purchase of the Sale Tenements is:

- payment of $2.0 million. Archer has previously received $150,000 cash and, at completion, received the remaining $1.85 million paid in ChemX shares; plus
- bonus payment equal to 5% of the enterprise value of ChemX at the time of ASX listing, paid in cash or shares at the election of ChemX; plus
- a 2% Net Smelter Return royalty (“Royalty”) on the value of all minerals (excluding graphite) extracted from the Sale Tenements.

During the reporting period Archer was issued 2,321,119 shares in ChemX Materials Limited (‘ChemX’) as additional consideration equal to 5% of the enterprise value of ChemX at the time of ASX listing, in accordance with the Agreement between the Company and ChemX.

ChemX commenced ASX quotation on 18 January 2022. The issue price of ChemX shares under the replacement prospectus dated 26 November 2021 was $0.20 per share. The fair value at the date of receiving the additional 2,321,119 shares held in ChemX was $464,224. An amount of $464,224 was recorded as income on the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022. Refer Note 9 for further details regarding shares held by the company as financial assets on the Statement of Financial Position as at 30 June 2022.

Carrying amounts of non-current assets sold	**30 JUNE 2022**	**30 JUNE 2021**
	$	**$**
Assets		
Carrying value of non-current assets sold	-	320,459
	-	**320,459**
Consideration received:		
Cash received	-	150,000
Fair value of equity received in ChemX Materials Limited [1]	464,224	1,850,000
Total consideration received	**464,244**	**2,000,000**
Legal costs	**-**	**(17,804)**
Gain on sale of non-current assets	**464,244**	**1,661,737**

[1] Fair value reported above was determined at the date of receiving ChemX shares. Adjustments to the fair value of the ChemX shares held at 30 June 2022, have been included in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022. Refer Note 9 for further details regarding fair value adjustment to ChemX shares held at 30 June 2022.

NOTE 21– CONTINGENT ASSETS, LIABILITIES & COMMITMENTS

Sugarloaf Land Option

In November 2018 Archer announced the sale of its Sugarloaf farmland for $1.35 million. The transaction settled on 1 July 2019 with Archer receiving the $1.35 million sale proceeds in July 2019. The purchaser of the farm land has granted Archer an option to buy back approximately 30% of the Sugarloaf farm land, which may be required for the construction of the Sugarloaf Graphite Processing Facility ("Land Option"). The Land Option may be exercised by Archer any time before 31 December 2023. The Land Option was not assigned to iTech Minerals Ltd.

ChemX Materials Limited –royalty

In June 2021 Archer announced the completion of the sale of tenements to ChemX Materials Limited. In addition to the consideration already received, Archer is also entitled to a 2% Net Smelter Return royalty on the value of all minerals (excluding graphite) extracted from the tenements sold to ChemX.

Leigh Creek Project bonus payment

In August 2020, the Company sold the Leigh Creek Magnesite Project ("Project") to Magmetal Tech Pty and Witchimag Pty Ltd ("Witchimag"). Under the terms of the Project sale agreement, Archer is entitled to a bonus payment if Witchimag lists on a stock exchange after completion. The bonus payment is equal to 5% of the value of the consideration paid to the owners of Witchimag under the listing ("bonus payment"). In May 2022, Canadian Stock Exchange listed Crest Resources Inc ("Crest") announced that it had entered into a Letter of Intent to acquire a 69.5% interest in Witchimag. If Crests acquisition of Witchimag proceeds, then the Company may become entitled to the bonus payment.

Native Title Claim

Archer Metals Pty Ltd is one of a number of respondents to a native title claim proceeding in the Federal Court of Australia. The tenement subject of the claim proceedings as they relate to Archer Metals Pty Ltd is E53-1926 in Western Australia. The tenement, which had a total area of 6km^2 was granted to the Company on 24 July 2018 and was surrendered on 11 March 2021, having only undertaken low impact ground geophysics on the tenement in March 2020. The Company is in the process of seeking removal from the claim proceedings. As at the date of this report the Company the proceedings remain ongoing and the Company is unable to determine whether any compensation will be payable (if at all) by Archer Metals Pty Ltd.

The Group did not have any further contingent assets or liabilities or commitments as at 30 June 2022.

NOTE 22–RELATED PARTY TRANSACTIONS

a) Subsidiaries

Interests in subsidiaries are disclosed in Note 10.

b) Key Management Personnel

Disclosures relating to Key Management personnel are set out in Note 5.

c) Other transactions with related parties

Piper Alderman lawyers were paid a total of $32,725 (2021: $53,099) for legal services rendered to the Group. Mr English is a Consultant at Piper Alderman lawyers. The fees were at normal commercial rates.

NOTE 23 – FINANCIAL INSTRUMENTS

a) Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payables.

b) Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. It is the policy of the group to keep surplus cash in high yielding deposits.

NOTE 23 – FINANCIAL INSTRUMENTS…..continued

i) Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimizing potential adverse effects on financial performance.

ii) Financial Risk Exposure and Management

The main risk the group is exposed to through its financial instruments is interest rate risk.

c) Sensitivity Analysis

Interest Rate and Price Risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2022, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2022 $	2021 $
Change in loss		
- Increase in interest rates by 2%	500,903	21,632
- Decrease in interest rates by 2%	(500,903)	(21,632)
Change in equity		
- Increase in interest rates by 2%	500,903	21,632
- Decrease in interest rates by 2%	(500,903)	(21,632)

d) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalent and noninterest bearing monetary financial assets and financial liabilities of the consolidated entity approximate their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on discounting future cash flows by the current interest rates for assets and liabilities with similar risk profiles. The balances are not materially different from those disclosed in the balance sheet of the consolidated entity.

e) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

f) Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Trade payables are generally payable on 30-day terms.

NOTE 23 – FINANCIAL INSTRUMENTS.....continued

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consolidated - 2022	**%**	**$**	**$**	**$**	**$**
Non-interest bearing					
Trade and other payables		348,759	-	-	-
Interest-bearing - variable					
Lease liability		10,652	9,097	-	-
Total		359,411	9,097	-	-

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consolidated - 2021	**%**	**$**	**$**	**$**	**$**
Non-interest bearing					
Trade and other payables		249,471	-	-	-
Interest-bearing - variable					
Lease liability		10,341	10,652	9,097	-
Total		259,812	10,652	9,097	-

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

g) Market risk

Foreign currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (USD).

Price risk

The Group is not exposed to any significant price risk.

NOTE 24 – ARCHER MATERIALS LIMITED PARENT COMPANY INFORMATION

PARENT ENTITY	30 JUNE 2022 $	30 JUNE 2021 $
ASSETS		
Current assets	28,138,988	6,697,744
Other financial assets	1,708,806	2,692,644
Investments in subsidiaries	2,430	266,525
Other Non-current assets	315,310	225,389
TOTAL ASSETS	**30,165,534**	**9,882,302**
LIABILITIES		
Current liabilities	695,814	550,879
Non-current liabilities	50,419	90,977
Loans to subsidiaries	-	25,269
TOTAL LIABILITIES	**746,233**	**667,125**
EQUITY		
Issued capital	47,723,569	33,093,217
Share based payments reserve	10,893,334	1,148,813
Acquisition reserve	-	240,000
Retained losses	(29,197,602)	(25,266,853)
TOTAL EQUITY	**29,419,301**	**9,215,177**
FINANCIAL PERFORMANCE		
(Loss) / Profit for the year	(4,396,521)	154,131
Other comprehensive income	-	-
TOTAL (LOSS) / PROFIT	**(4,396,521)**	**154,131**

Guarantees in relation to relation to the debts of subsidiaries

Archer Materials Limited has not entered into a deed of cross guarantee with its wholly-owned subsidiaries Archer Energy & Resources Pty Ltd, Carbon Allotropes Pty Limited, Archer IOCG Pty Ltd and Archer Metals Pty Ltd.

Contingent assets, liabilities and commitments

In June 2021 Archer announced the completion of the sale of tenements to ChemX Materials Limited (Note 20). In addition to the consideration already received, Archer is entitled to a 2% Net Smelter Return royalty on the value of all minerals (excluding graphite) extracted from the tenements sold to ChemX.

Refer Note 21 for details of contingent assets, liabilities and commitments as at 30 June 2022.

NOTE 25 – EVENTS SUBSEQUENT TO REPORTING DATE

- The Company acquired 2,892,780 quoted options in CMX ("ChemX Options"), being the Company's full entitlement pursuant to the CMX Entitlement Issue Prospectus dated 30 May 2022 (Loyalty Options Offer). ChemX Options are exercisable at $0.30 each and expire on 11 July 2025. ChemX Options were issued to the Company on 11 July 2022. The Company paid $0.005 each for the ChemX Options during the reporting period. Accordingly, an amount of $14,464 has been included as a prepayment within the Statement of Financial Position as at 30 June 2022.

- On 26 August 2022, 1,500,000 Options were granted to an employee of the Company. The Options were issued for nil consideration and are exercisable at $1.79 each on or before 31 May 2025. 50% of the Options vest on 31 May 2023 and 50% on 31 May 2024 (provided that the recipient is an employee of the Company at the date of vesting) and are governed by the terms and conditions of the Company's Performance Rights and Share Option Plan. The fair value of the Options at the date of grant was $421,047.