

ASX Announcement

8 November 2016

Magnesite bulk trial to shape Archer's development options

Highlights

- Signing of agreement with OneSteel to test up to 300 tonnes of magnesite in rotary kiln at Whyalla Steelworks.
 - The focus of the trial is to make caustic calcined magnesia and monolithic dead burn magnesia products for delivery to prospective customers.
 - Important next step in the development of the Leigh Creek Magnesite Project.
-

Resources commodity developer, Archer Exploration Limited (ASX: AXE) advises that the Company is to undertake the trial processing of a large bulk sample of magnesite from South Australia's Leigh Creek region under the Company's plans for a new magnesite mine.

Outcomes from the trial processing of the bulk sample will help determine the magnesia product options that will be available to offer to potential customers.

The product trial, if successful, will enable Archer to get test product into the market well ahead of mine construction and commissioning of its proposed new magnesite mine at Leigh Creek.

The Archer magnesite tenements are close to the now mothballed former Alinta Leigh Creek coal mine and its export infrastructure – some of which Archer is now hoping to access.

Archer plans to calcine up to 300 tonnes of magnesite during the bulk trial. The Company's product focus will be on calcining the magnesite at different temperatures to determine the feasibility of making caustic calcined magnesia and monolithic dead burn magnesia for sale by Archer to prospective customers.

It is anticipated that the trial can be completed by the end of calendar 2016.

Archer's Executive Chairman, Mr Greg English:

"The bulk sample evaluation is an important step-up for the Company in its aspiration to bring our Leigh Creek magnesite project to mining fruition during calendar 2017.

"Our Leigh Creek holdings represent one of the world's largest magnesite deposits of this type and the bulk trial will allow Archer for the first time, to test the performance of the regional magnesite styles evident at Leigh Creek in a commercial kiln environment.

"The outcomes, if economically favourable, will also provide us with a robust quantity of magnesia products for distribution over the next six months or so to potential customers."

"The calcining of the magnesite in an operating rotary kiln at OneSteel's Whyalla steelworks is a significant step in the development of Archer's Leigh Creek Magnesite Project."

"The initial area targeted for trial and commercial mining - at Mt Hutton - is a fraction of the Company's overall Leigh Creek magnesite project area, delivering the potential for the project to support a long-life mining operation."

Next Steps

Archer will work closely with OneSteel to finalise the work program and logistics for the bulk trial.

For further information, please contact:

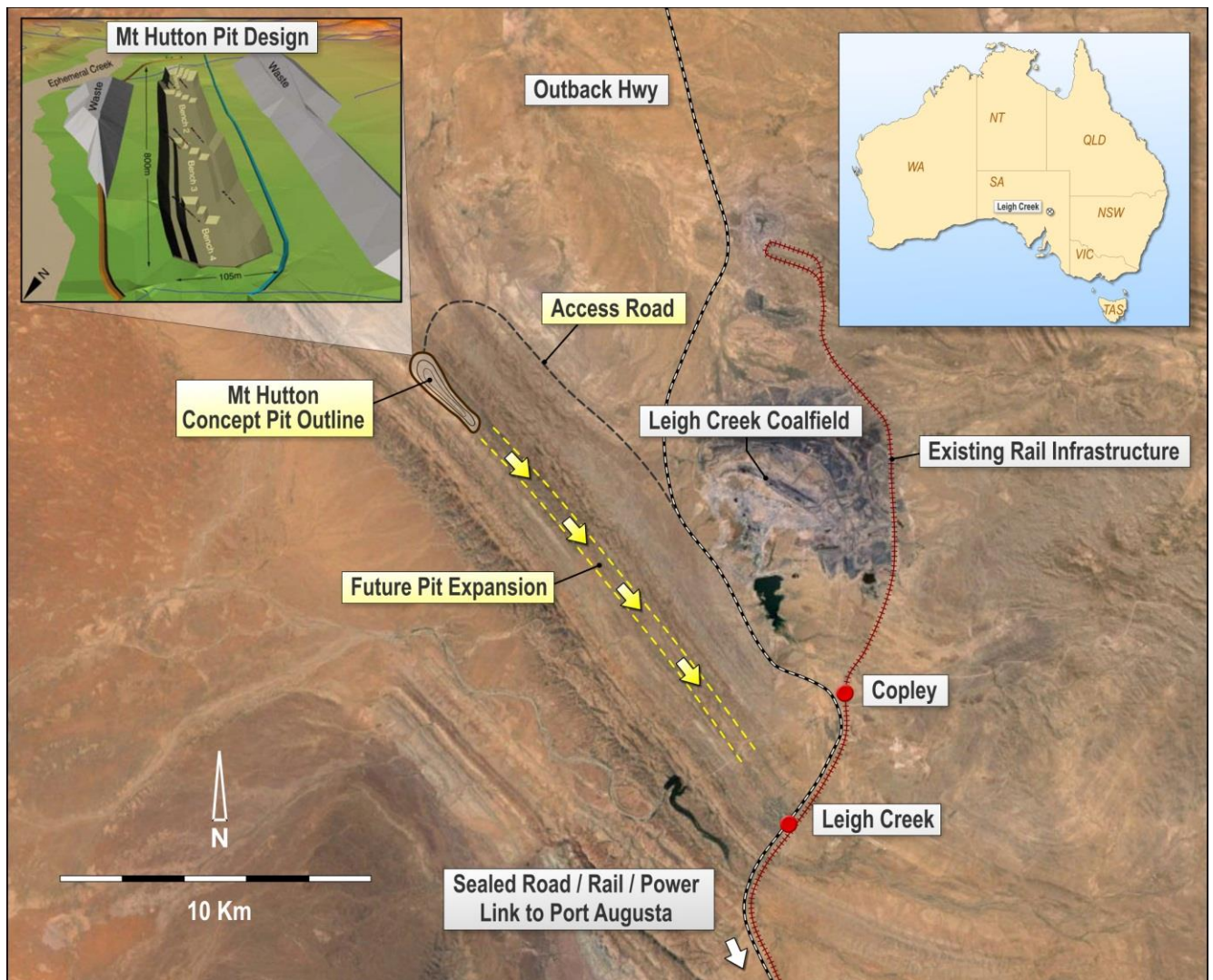
Mr Greg English
Chairman
Archer Exploration Limited
Tel: (08) 8272 3288

Mr Cary Helenius
Investor Relations
Market Eye
Tel: (03) 9591 8906

About the Leigh Creek Magnesite Project

The Leigh Creek Magnesite Project is located approximately 20 kilometres northwest of Leigh Creek Township, South Australia and is the world's largest cryptocrystalline magnesite deposit.

Archer has been developing the Leigh Creek Magnesite Project with the aim of undertaking a simple open pit mining operation, third party processing and the export of high quality caustic calcined magnesia and/or monolithic dead burn magnesia to overseas customers.



Leigh Creek Magnesite Project conceptual development layout