

ASX Announcement

20 December 2016

## Significant expansion of Cobalt Project

---

### Highlights

- Archer has been receiving numerous enquiries with respect to its Cobalt potential following the farm-in proposal from Cobalt Bull.
  - Additional cobalt tenements have been acquired by Archer and further work is being undertaken on existing cobalt assets within the exploration portfolio.
  - In addition to the assets included in the Cobalt Bull farm-in joint venture, Archer currently holds a number of highly prospective cobalt tenements.
  - Archer awaiting confirmation of grant of additional NSW cobalt tenements.
  - Shallow significant cobalt intercepted near surface - assay results to be reported in early 2017.
  - Leigh Creek magnesite remains the key primary focus to produce near term cash flow following successful bulk trial.
- 

On 31 August 2016 Archer Exploration Limited (ASX:AXE, Archer, Company) announced that it had executed a farm-in and joint venture with Cobalt Bull whereby Cobalt Bull could earn a 75% in certain tenements which are prospective for cobalt. This joint venture is progressing and remains subject to the final condition precedent being satisfied by 31 January 2017. Since announcing the agreement with Cobalt Bull, Archer has received numerous enquiries regarding the cobalt potential of the Company's tenements.

Archer remains focussed on developing the Company's advanced Leigh Creek Magnesite Project and Eyre Peninsula Graphite Project. However, with the increased interest and activity occurring in Cobalt, the Company has taken the opportunity to increase the size of the Cobalt Project area, which has greatly increased the prospectivity of its existing known cobalt mineralisation.

The newly acquired cobalt tenements are highly prospective for cobalt mineralisation, complimenting the existing Cobalt portfolio and greatly increase the size of the Cobalt Project footprint. Archer's Cobalt Project has several favourable characteristics for further exploration success including multiple cobalt drill intercepts at shallow depths.

Existing tenements within the larger Cobalt Project area host numerous cobalt prospective targets including Jamieson Tank, Polinga, Hodgins, Salt Creek as well as Ketchowla (under JV with Cobalt Bull Pty Ltd).

Apart from Ketchowla, little significance has been placed on cobalt as an associated metal within these deposits and at some prospects cobalt was not been analysed for during drill testing. As part of ongoing project development, a review of previous explorers data has been undertaken, sample sites including historical drilling have been identified for Cobalt mineralisation that require follow up.

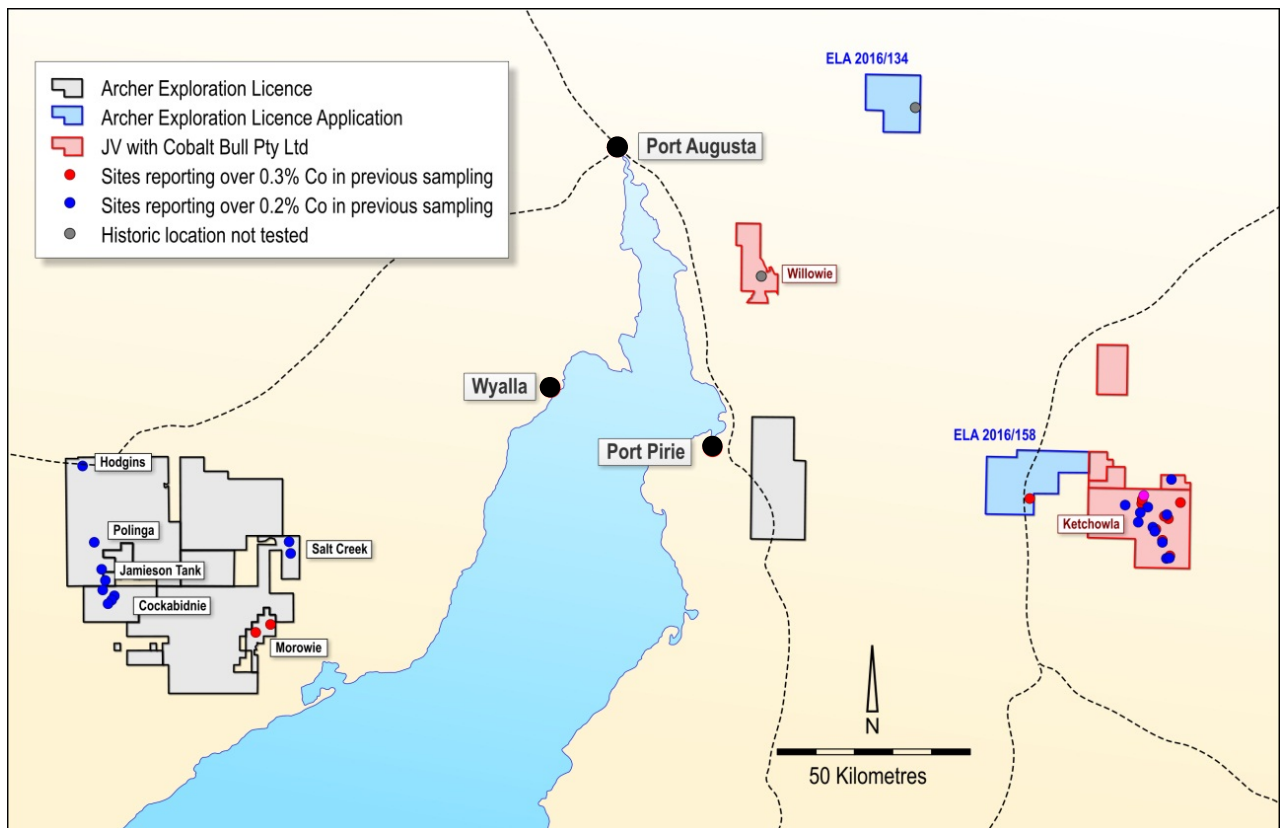


Figure 1. Location of Archer cobalt prospects

The recently granted tenement EL 5791 (Cockabidnie) has been the focus of base metal exploration for nearly 50 years, primarily for zinc and lead. Many drill holes have been drilled within the tenement as a part of metalliferous exploration. Data from this exploration is still being analysed and re-assayed, however holes drilled in 2007 and 2008 reported significant cobalt intervals.

New tenements ELA 2016/134 & 158 are very prospective for cobalt with ELA 2016/158 previously reporting 0.2% Co from the basal contact of pyritic black shales, which is worthy of follow up.

ELA 2016/158 is contiguous with the Ketchowla tenement area part of the tenement area which contains an advanced cobalt-manganese prospect, with grades of up to 0.50% cobalt occurring over several large outcropping mineralisation zones within a strike area zone of 18km × 7km. Initial leaching and beneficiation tests indicate the viability of simple processing for recovery of a battery grade cobalt product and a saleable manganese concentrate grading approximately ≈40% Mn.

The other target is located on ELA 2016/134 and is a Copper-Cobalt occurrence which was historically drilled, it is believed that it was drilled down dip and did not intersect the prospective pyritic horizon.

Cobalt, manganese and graphite consumption is forecast to grow substantially due to the ever-increasing use of lithium ion batteries in electric vehicles and power storage.

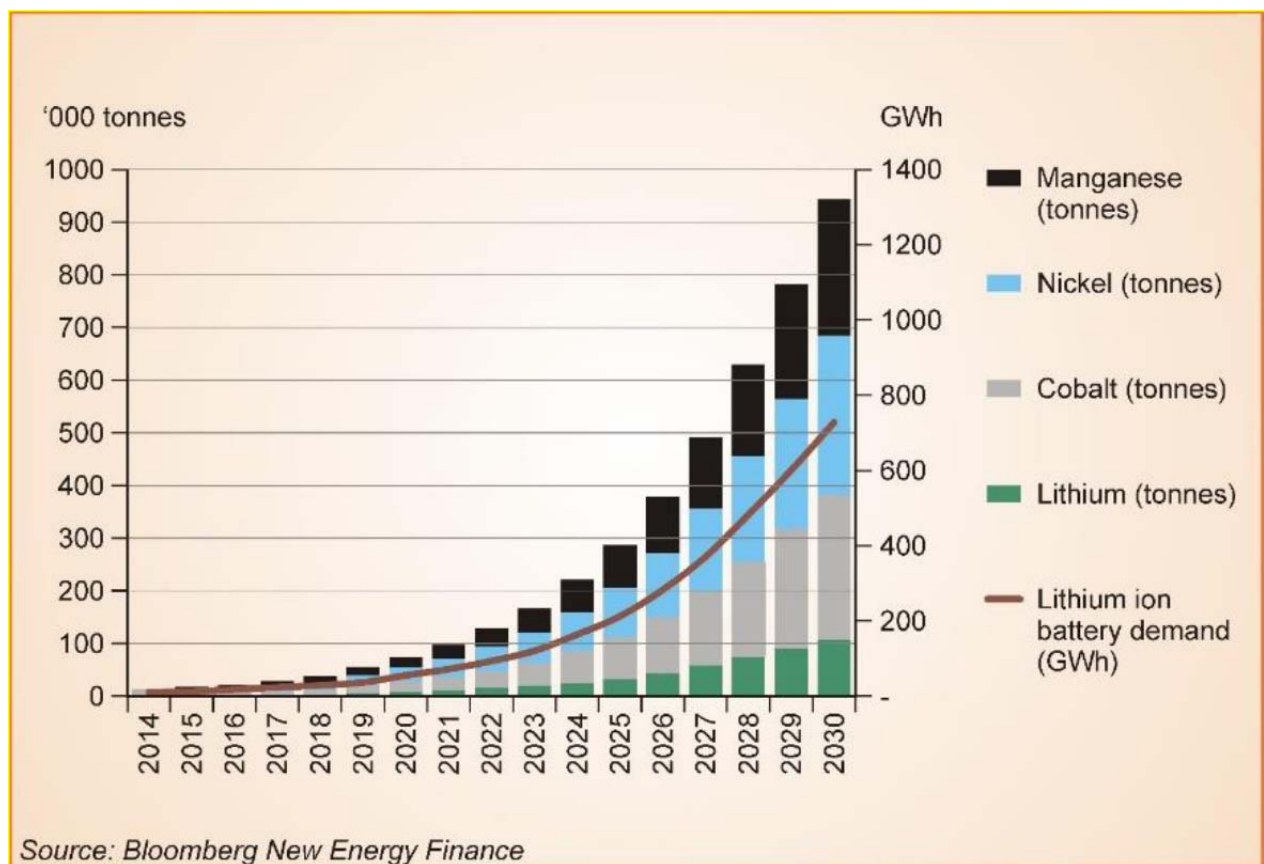


Figure 2: Forecast manganese, cobalt, nickel, lithium and lithium ion battery demand

## Next Steps

Archer is undertaking a review of historic cobalt drill information and assay data and these results will be announced as they become available.

Archer also continues to pursue off-take and product trialling following its recent successful magnesite processing through the commercial rotary kiln and this project retains the prospects of producing near term cash flows for the Company.

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

## Competent Person Statement

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