

ASX Announcement

30 May 2016

Archer extends SA lithium footprint

Highlights

- New lithium prospective tenement on Eyre Peninsula acquired along strike of historic spodumene occurrence and adjacent Archer's existing large graphite holdings
 - Additional pegmatite outcrops also identified on Archer's existing Eyre Peninsula tenements
 - Local region's lithium potential complements Archer's Campoona graphite project there, as "the natural buyers of Company's battery grade graphite are also buyers of lithium"
 - Low cost strategy underway to examine lithium upside but Leigh Creek magnesite and Campoona graphite projects remain priority
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Battery grade graphite and magnesite developer, Archer Exploration Limited (ASX: AXE) has expanded its lithium prospective holdings on South Australia's Eyre Peninsula with the acquisition of additional acreage hosting lithium prospective pegmatite rocks.

The new tenement area (ELA 2016/057) (Figure 1) abuts two northeastern boundaries of Archer's existing and large 2,300km² Eyre Peninsula holdings, which host the Company's Campoona battery grade graphite and Sugarloaf agricultural carbon projects north of Cleve.

Previously reported historic spodumene occurrences contained within the Lincoln Complex host rocks on the north eastern edge of the Company's extensive Eyre Peninsula Project (Figure 1), extend into the new tenement area.

The newly acquired area is in addition to multiple occurrences of outcropping pegmatite veins with tourmaline and associated tin mineralisation and historic spodumene occurrences reported to the SA Mines Department, noted in an updated report by Archer earlier this month on the lithium potential of its existing large Eyre Peninsula holdings.

The Lincoln Complex host rocks are dominated by Gneissic granites and do contain fractionated pegmatite rocks within them as observed elsewhere on Archer's Eyre Peninsula Project area (refer to ASX announcement dated 19 May 2016 and Figures 2 and 3).

Historically, these pegmatites have not been tested for their lithium potential.

A recent visit to the existing tenement area by Archer identified additional extensive outcropping pegmatite occurrences which the Company will map and sample at the start of the next exploration campaign (Figures 2 and 3).

Archer Executive Chairman, Mr Greg English:

“The lithium potential of the Eyre Peninsula has never been tested despite the presence of extensive lithium bearing pegmatites, tin, tourmaline and spodumene mineralisation. As Archer has been actively exploring the Eyre Peninsula for the past eight years, our built-up experience of this multiple commodity and richly mineralised region does give us an advantage over other explorers in terms of identifying the lithium potential of the Eyre Peninsula.

“Our focus will remain on the development of our graphite and magnesite projects. However, as we have such a large tenement holding in a highly prospective and geologically rich part of South Australia, we recognise the upside of continually assessing our tenement areas for new opportunities in line with market and sector developments. This strategy has been successful for Archer in the past as is evidenced by our early discovery of the high quality battery grade Campoonna graphite project on Eyre Peninsula now under development.

“Within this mix, we see lithium exploration as complementary to our mainstream graphite focus as the natural buyers of Archer’s battery grade graphite will also be buyers of lithium.

“Our extensive tenement holdings on the Eyre Peninsula simply provide Archer with ready access to a highly prospective lithium area and with all of the key elements present for a potential lithium discovery, the Company is moving ahead with a low cost opportunity to create value for our shareholders whilst still developing our graphite and magnesite projects.”

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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.

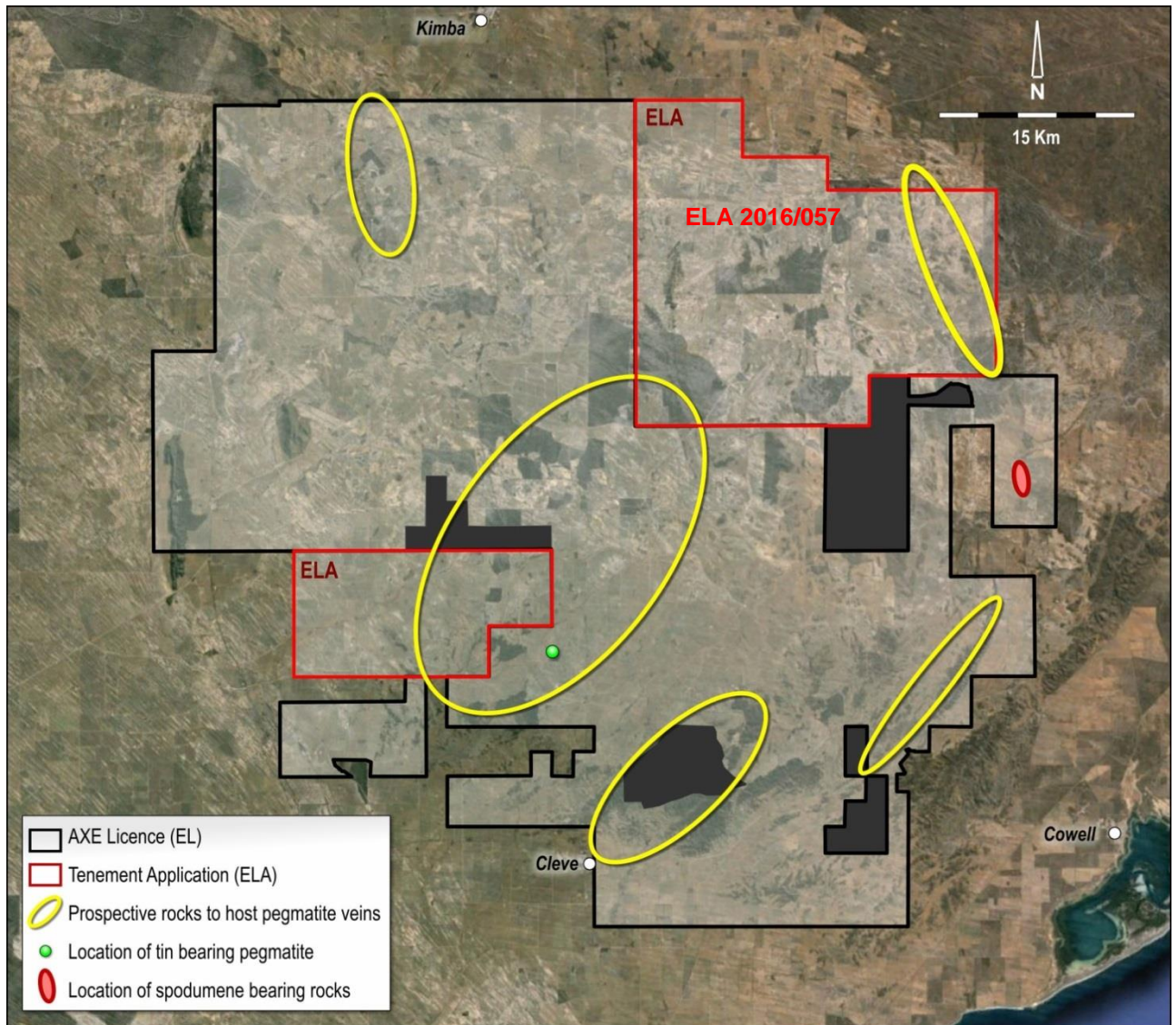


Figure 1: Rocks prospective for lithium bearing pegmatite rocks within the Archer tenement area (yellow outline) and new tenement area ELA 2016/057 to northeast



Figure 2: Road cutting on Archer tenement showing width of pegmatite dyke (between red lines) extending through Archer tenement.



Figure 3: Extensive pegmatite outcrop in field on Archer tenement.

Archer Exploration Limited (ASX code AXE) has 100% ownership of 13 tenements all in South Australia covering more than 4,700 km².

