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ASX ANNOUNCEMENT / MEDIA RELEASE

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General Manager
The Company Announcements Office
Australian Securities Exchange

DRILLING COMPLETED ON EYRE PENINSULA GRAPHITE DEPOSITS

Highlights

- **Drilling at Sugarloaf has recorded highly graphitic schist in the eastern fold limb.**
- **Electromagnetic imaging combined with drill results to date at Sugarloaf suggest:**
  - **that a broadly folded highly graphitic unit has a potential strike of close to 4km.**
  - **the lateral extent of the unit is on average greater than 200m.**
  - **the true width of the unit is approximately 30m.**
- **Drilling confirmed the strike continuity of the Campoona graphite deposit.**
- **Disseminated trace chalcopyrite was observed in some samples at Emu Plain copper project.**
- **All samples have been submitted for assay with results expected in next 2 to 3 weeks.**

Completion of drilling

The Directors of Archer Exploration Limited are pleased to advise that a 15 hole RC drill programme testing Sugarloaf, Campoona, Grid 2 and Council Pit graphite deposits was completed on 18th February 2011. The Sugarloaf graphite deposit is located on EL 3711 Carappee Hill located 10km east of Darke Peak. The Campoona and Grid 2 graphite deposits are located in the northwestern portion of EL4693 Wildhorse Plain located between Cleve and Darke Peak on Eyre Peninsula, South Australia (figs 1&2).

The drilling program also included limited drilling on Wildhorse Plain Emu Plains copper target and on an Epithermal Au-Ag target also on Wildhorse Plain.

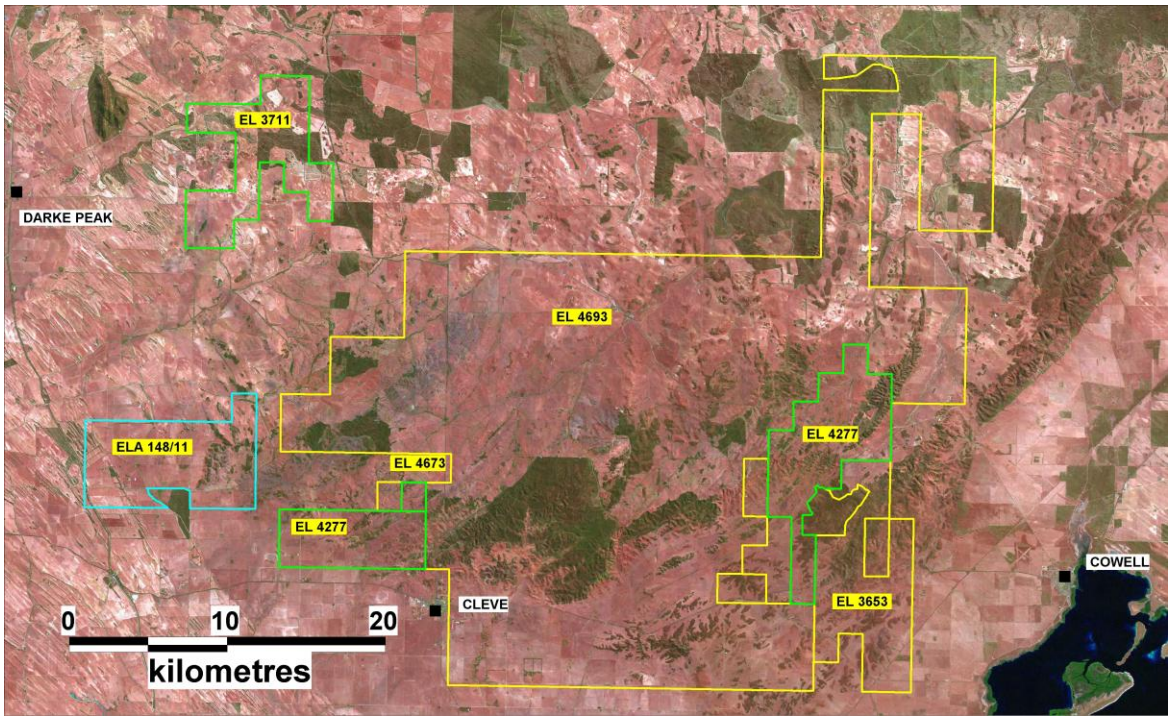

Figure 1. Archer's Graphite Tenements and Interests in the Cleve Area of South Australia

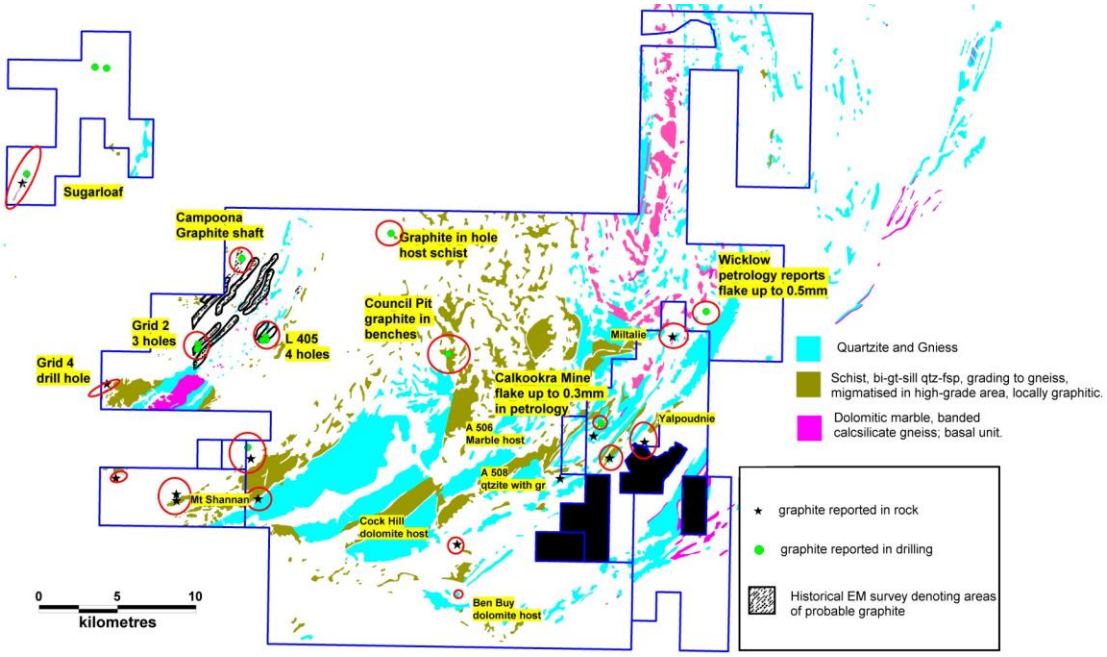

Figure 2. Archer Exploration Limited's numerous graphite deposits and occurrences on EL3711 Carappee Hill and EL4693 Wildhorse Plain near Darke Peak, Eyre Peninsula, South Australia.

The following summary is based on visual observations only. All assays are expected to be received and collated within the next two to three weeks.

Sugarloaf Graphite

The Sugarloaf graphite deposit, located on EL3711, Carappee Hill consists of two separate fold limbs. Archer's previous drilling has targeted only the western limb and previous estimates of the Exploration Potential were for the western limb only.

Three RC drill holes were completed for an aggregate of 328 drill metres. All holes drilled were to test for graphite in the eastern limb. All holes intersected wide intervals of highly graphitic schist. The graphite and carbon content is unknown. Samples for each hole were taken as described below:

- Hole SLRC12_001 was sampled for graphite from 15m to 29m (14m) and then from 53m to 85m (32m) where a shear was encountered.

- Hole SLRC12_002 was sampled for graphite from 48m to 121m (74m) before passing into a silicified footwall shear.

- Hole SLRC12_003 was sampled for graphite from 48m to 108m (61m) before again intersecting the footwall shear.

The drilling is likely to result in an increase in the Exploration Target for Sugarloaf.

Figure 3 (below) shows the location of the recent drill holes (2012) and previous holes (2008-2011) drilled by Archer on stacked electro-magnetic sections. The apparent folded nature of the graphitic units can be seen with the drill hole traces.

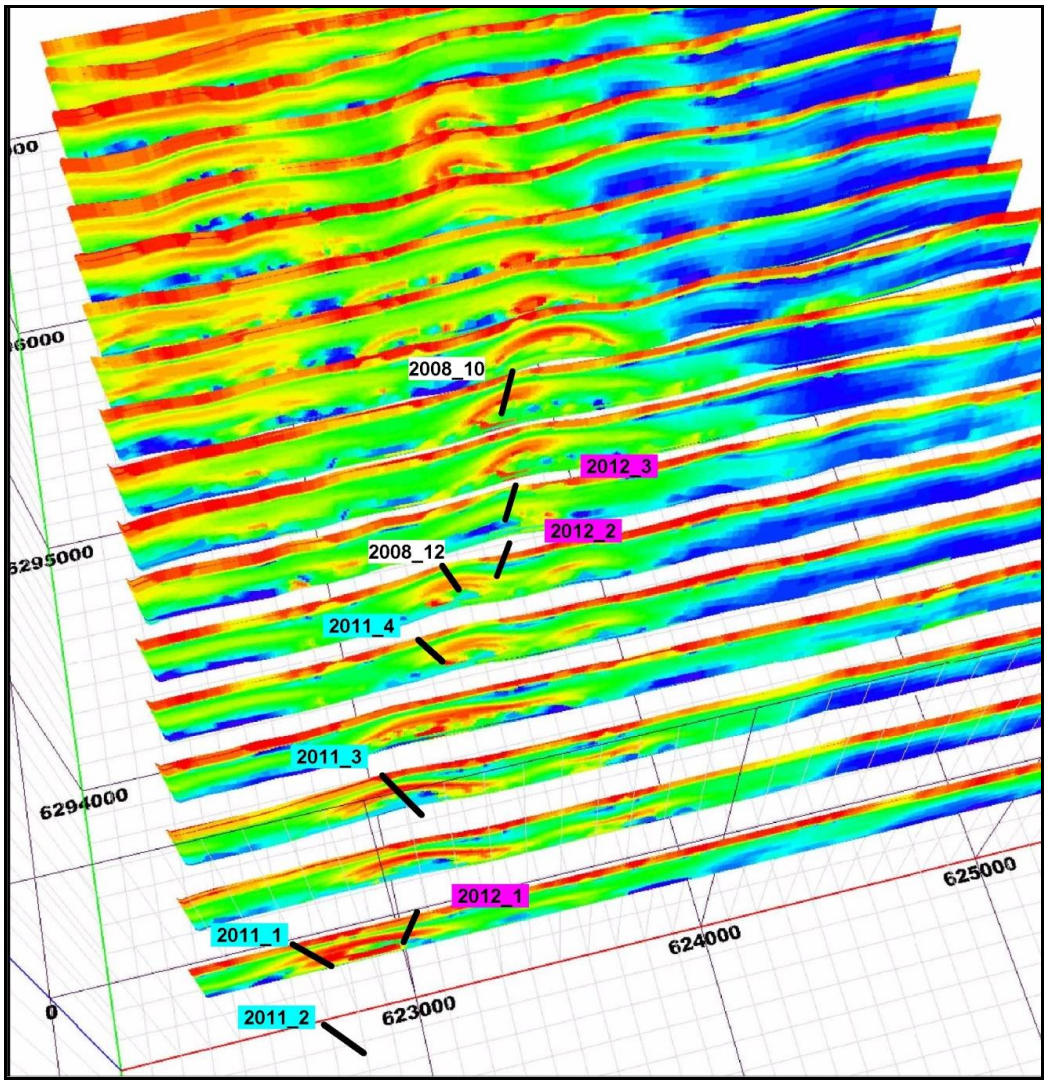

Figure 3 Drill hole traces at Sugarloaf over stacked EM sections, each square represents 100m

Figure 3 represents electromagnetic data sections over the deposit. Archer has drill tested 1.8km with widely spaced drill holes. The electromagnetic imaging and drill results to date suggest:

- that a broadly folded highly graphitic unit has a potential strike of over 4km.
- the lateral extent of the unit is on average greater than 200m.
- The true width of the unit is approximately 30m.

Samples for carbon content have been submitted and results are expected in approximately 3 weeks.

Campoona Graphite

Previous exploration has shown the Campoona graphite deposit hosts large flake graphite. Petrology on Campoona South samples recorded the graphite size ranging from 5μm to 80μm (width) x 300μm (length) with an average size estimated by Pontifex of 50μm x 250μm. Graphite occurs within "heterogeneous, fine layered quartz-feldspar microgneiss, together with quartz-graphite schist". This includes "minor quartz-clay-sericite-altered ex-sillimanite and scattered small lenses of relatively concentrated graphite."

The presence of sillimanite is important as it reflects a high grade metamorphic overprint has occurred. The metamorphism of a rock refers to the temperature and pressure that the rock has experienced over time. As metamorphic grade increases, higher pressures and temperatures generally enable the development of larger crystals sizes and, in the case of the graphite occurrences tested on Wildhorse Plain, is conducive to the formation of large crystalline flake graphite.

The February 2012 drilling was planned to test the length of the 6km Campoona EM trend targeting the Campoona graphite shaft, the central Campoona trend and the western Campoona area (fig 4). Seven RC drill holes were completed for an aggregate 430 drill metres. Assays are pending.

- CSRC12_001 and 002 intersected weakly graphitic gneiss. Neither hole reached target depth due to drilling difficulties.

- CSRC12_003 and 004 intersected highly graphitic schist from 48 to 73m and from 6 to 16m down hole respectively.

- CSRC12_005 was drilled to test the western limb of Campoona. The hole intersected graphitic gneiss to 38m, highly graphitic schist from 38 – 48m before passing back into graphitic gneiss to the end of hole.

- CSRC12_006 and 007 were drilled within 30m of the historic Campoona graphite shaft. Hole CSRC12_006 intersected weakly graphitic schist to 48m then coarse graphitic schist to a depth of 67m. Hole CSRC12_007, drilled to test the vertical continuity of the graphite in hole 6, intersected graphitic gneiss from 41m to 70m down hole before passing into highly graphitic schist from 70m to 92m. Crystalline graphite could be clearly seen.

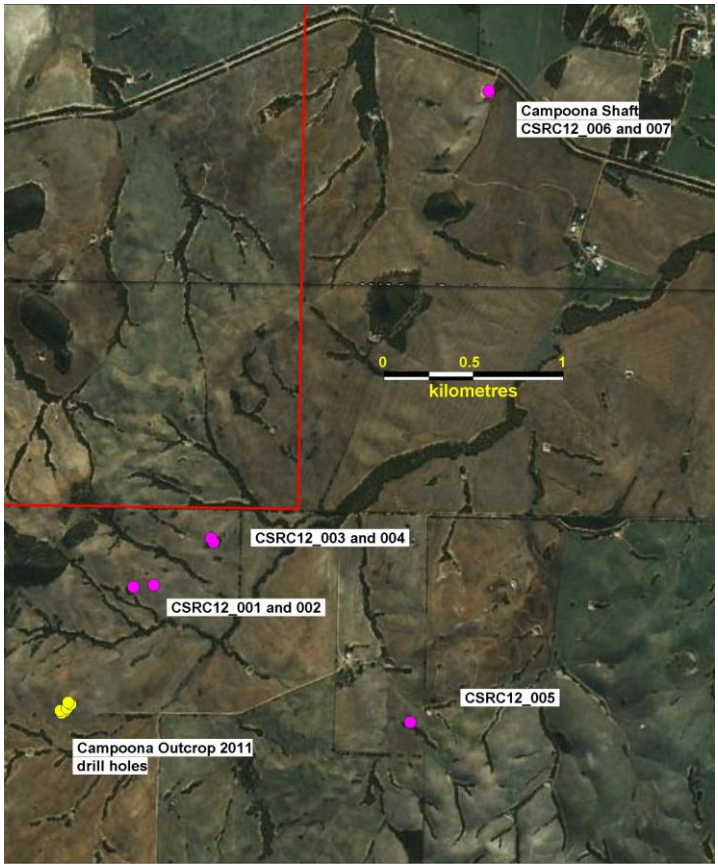

Figure 4 showing location of recent drill holes (2012) and previous holes (2011)

Grid 2 Graphite

Five RC drillholes for 213 metres were drilled at Grid 2 where previous petrology had identified flake graphite to 200 micron. Each hole hit widespread but likely low grade crystalline graphite.

Council Pit Graphite

One drill hole was drilled below an outcropping fat lying graphite horizon but passed directly into dolomite.

Emu Plain Copper

A total of 264m was drilled in 2 RC drill holes. Disseminated trace chalcopyrite was observed in some samples. Assays results are pending.

Wildhorse Plain Epithermal Target

Wildhorse Plain hosts an area of probable epithermal alteration made up of fluorite, argillic alteration and minor sulphide. Colloform banded quartz veining has also been observed. Three RC drill holes for 304 metres were drilled to test the area as a follow up to low grade gold anomalism detected by Archer in historic drill core.

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The exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr. Wade Bollenhagen, Exploration Manager of Archer Exploration Limited. Mr. Bollenhagen is a Member of the Australasian Institute of Mining and Metallurgy who has more than sixteen years experience in the field of activity being reported. Mr. Bollenhagen consents to the inclusion in the report of matters based on his information in the form and context in which it appears.