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General Manager
 The Company Announcements Office
 Australian Securities Exchange

GRAPHITE TO 20.6% C REPORTED IN INITIAL CAMPOONA SOUTH DRILLING

Highlights

- **Drilling confirms down dip extensions to the Campoona South outcrop with intercepts to 20% C.**
- **The Campoona electro-magnetic (EM) response suggests the body will persist at depth.**
- **Drilling at Grid 2 whilst recording low graphite content revealed the presence of flake graphite when sieved over water with the graphite forming prominent surface films.**
- **Samples have been despatched to Germany and China to verify the nature of the graphite present.**

The results of the first drilling at Campoona (figure1) have supported the presence of graphite bearing rocks (Grid 2) and the extension of highly graphitic outcrops under the surface (Campoona South).

Due to the ongoing cropping season limited sites were available to test the down dip behaviour of the Campoona outcrop and similarly at Grid 2. Approval by the landowner was given to a location at Campoona South and with Council approval a site was drilled in the area of the historic Grid 2 drill holes. Table 1 shows the significant graphite results from the initial drilling.

Hole ID	From	To	Interval (m)	Grade (%C)
CSRC11_001	1	10	9	9.26
incl.	5		2	17.9
CSRC11_002	0	8	8	5.17
incl.	5		2	13.57
CSRC11_004	9	19	10	6
CSRC11_005	10	18	8	9.55
incl.	14	17	3	14.15
CSRC11_006	36	40	4	10
incl.	39	40	1	20.6

Table 1. Significant results from Campoona South drilling

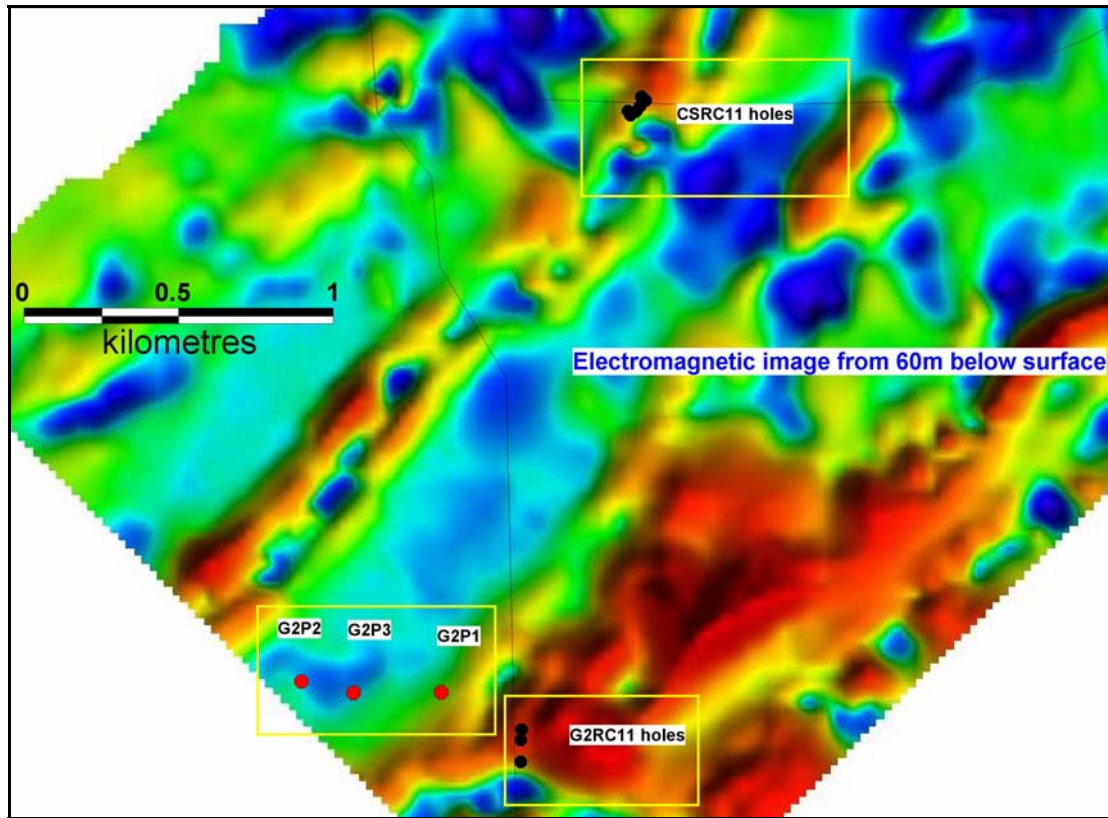


Figure 1. Location of 2011 holes, over an electromagnetic slice from 60m vertically.

Campoona South

A total of 6 holes were drilled at Campoona South (see figure 2) to test the down dip extension of the graphitic outcrop previously sampled at the surface. All holes were collared close to the outcrop and drilled perpendicularly into the outcrop itself. Graphite was intersected in all holes drilled. An apparent second unit of graphite was observed in the drilling, with one hole ending in low C (graphite) material.

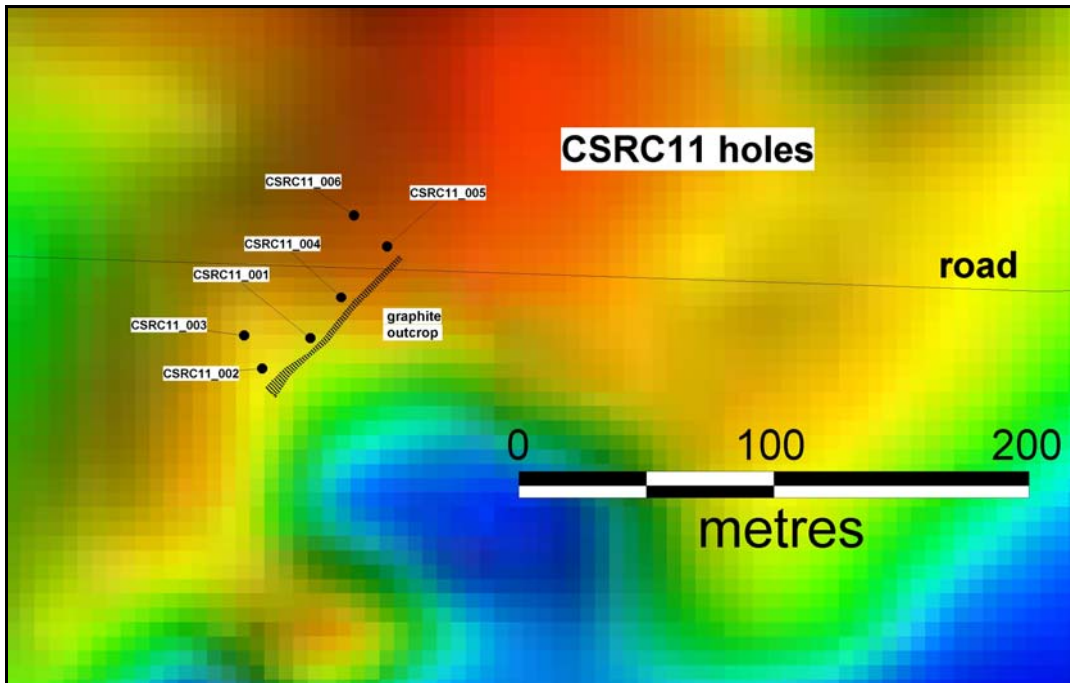


Figure 2. Plan location of Campoona South drilling, with outcrop marked over an EM image.

Figures 3 and 4 below show the sections with the reported intervals and simplified host geology. Figure 5 places holes CSRC11_005 and 006 into perspective with the EM image, where it can be seen that the limited drilling has not yet intersected the significant EM response.

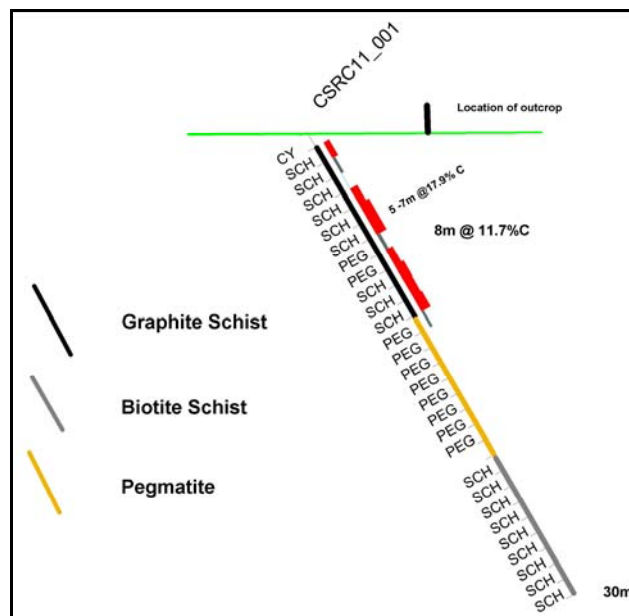


Figure 3. Drill section for hole CSRC11_001 with geology and carbon grades

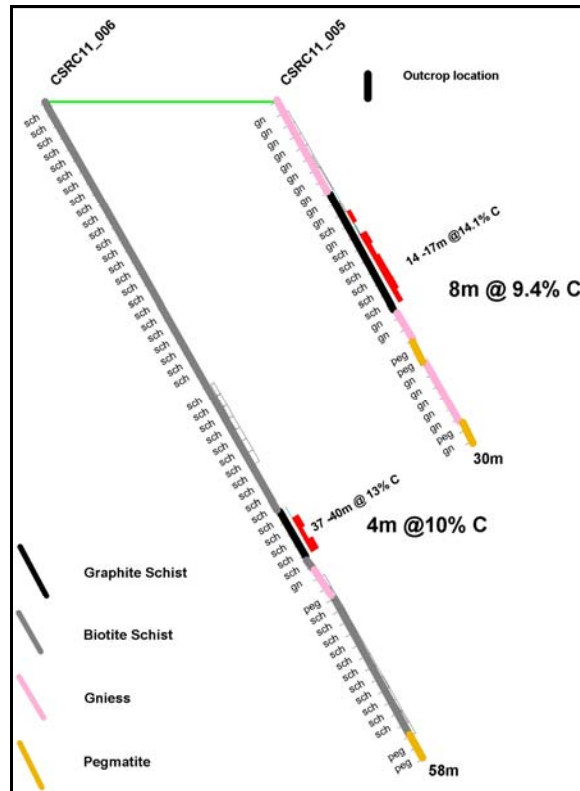


Figure 4. Drill section for holes CSRC11_005 and _006 with geology and carbon grades

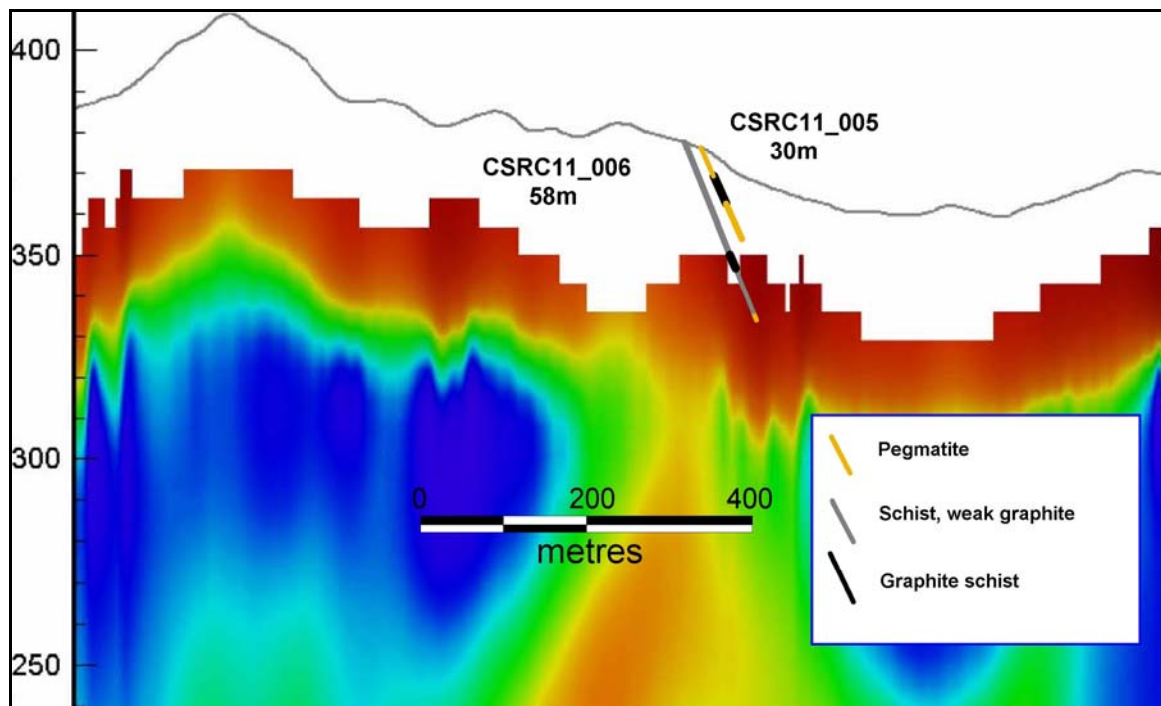


Figure 5. Drill section for holes CSRC11_005 and _006 with the corresponding EM section.

Figure 5 above highlights the graphite potential for the Campoona prospect, as the current

drilling has not penetrated the 'EM noise' generated in the weathered rock profile. This 'noise' is due to weathering of rocks and ground water which renders the electromagnetic data meaningless in the shallower parts of the prospect.

The drilling confirms that graphite extends from the surface. The drilling also confirms that EM clearly defines graphitic horizons and can be used to target other buried graphite targets.

Grid 2

Historic drilling at Grid 2 by Esso Exploration recorded downhole intervals of up to 25m of abundant graphite. The initial 3 holes could not be drilled in the same location as the historic ones due to the presence of an advanced canola crop. Archer received Council permission to drill 3 holes along a fire road peripheral to Grid 2 (figure 6). The aim of the drilling was to see if Grid 2 had the potential to provide flake graphite.

At best C percentages around 0.6% C were reported by the laboratory, with a few intervals reporting to 1.3% C. Although these numbers are low, the presence of graphite was confirmed over wide intervals.

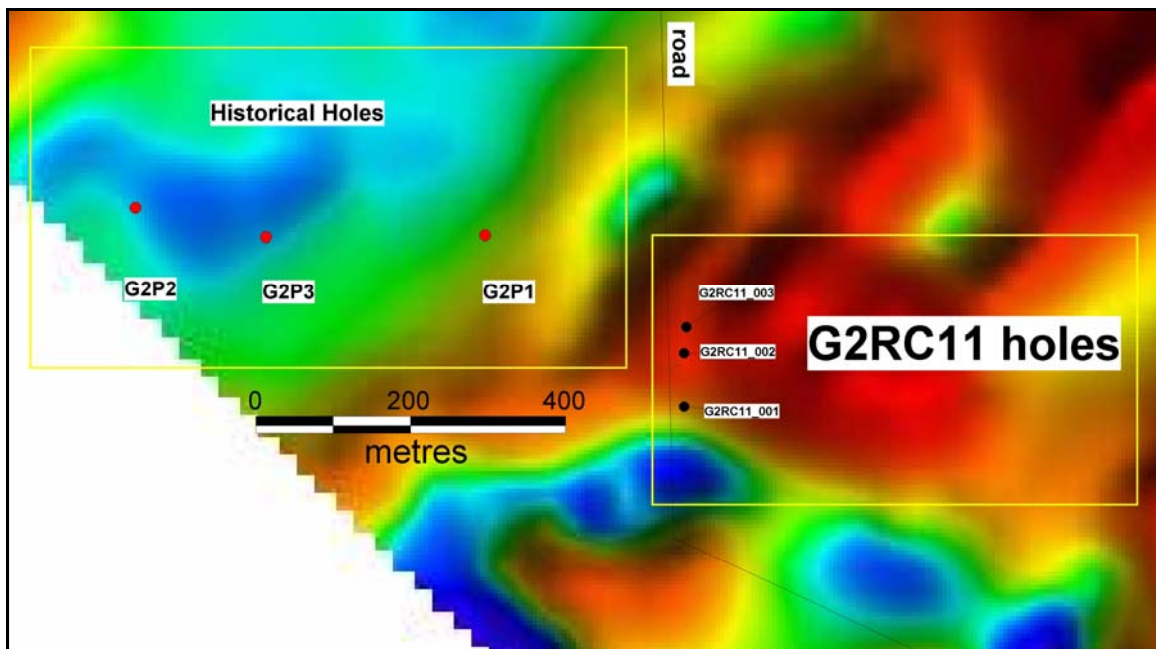


Figure 6. Plan location of holes drilled at Grid 2, showing location of historic holes.

Figure 7, below show the graphitic intervals and host rocks in section, figure 8 shows hole G2RC11_001 with respect to the nearest oblique EM section.

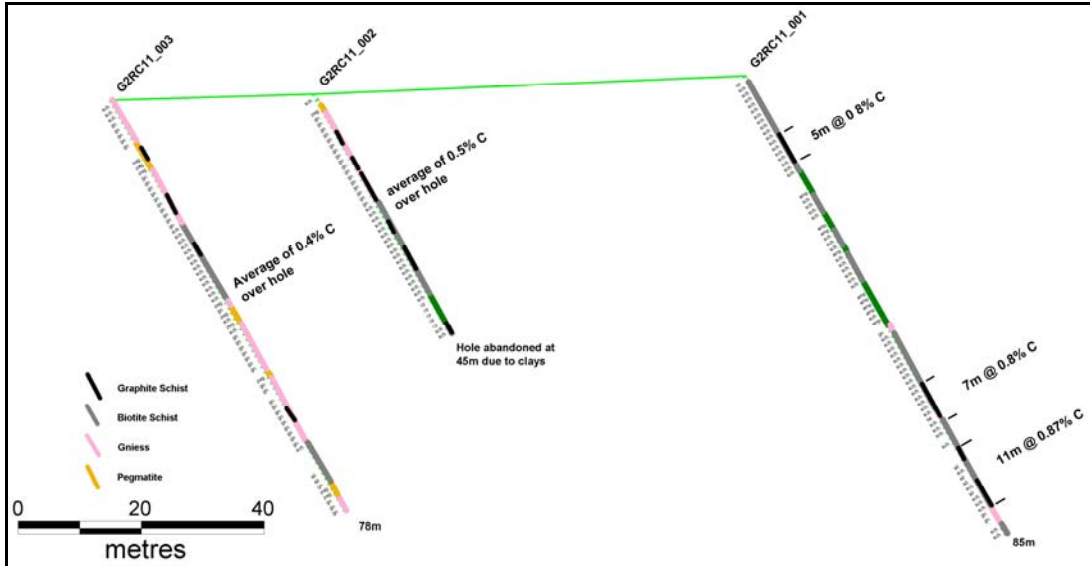


Figure 7. North-South Drill section for holes drilled at Grid, direction of view is North.

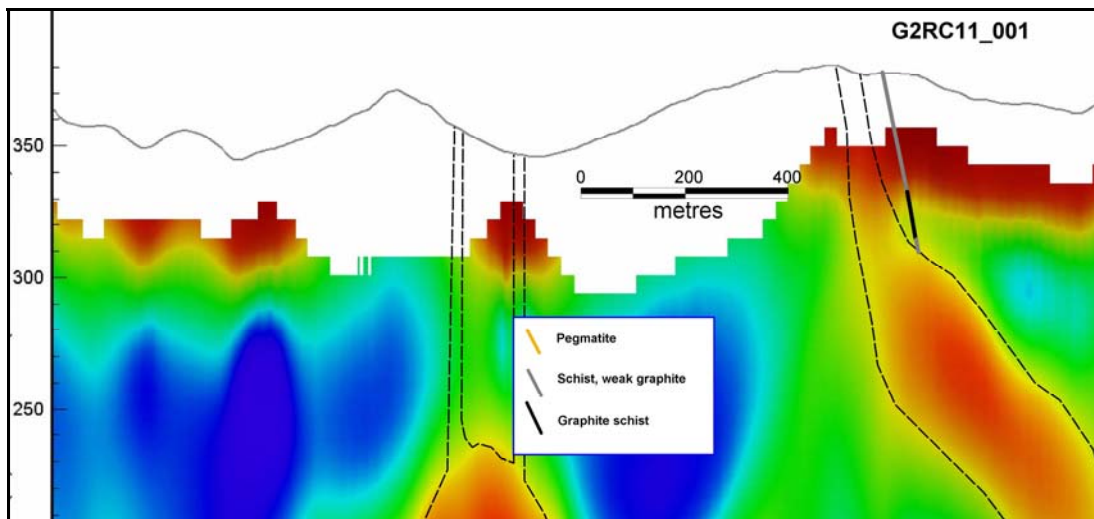


Figure 8. An East-West drill section for G2RC11_001 with the corresponding EM section

Current Work

The purpose of this drilling was to collect samples to determine the range of graphite products that could be produced. Drilling and assaying for carbon is the first part of a lengthy process.

As no specialist laboratory exists in Australia for graphite test work, samples were collected from both Campoona South and Grid 2 and sent to independent graphite facilities in Germany and China to run flotation tests and conduct tests on the quality of graphite present. The Chinese facility also undertook to investigate the flotation characteristics and graphite quality for samples from Sugarloaf and Campoona South. Results of this work may take some weeks.

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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.