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ASX ANNOUNCEMENT / MEDIA RELEASE

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OUTSTANDING HIGH GRADE GRAPHITE INTERCEPTS CONTINUE IN RESOURCE DRILLING AT CAMPOONA

Highlights

- **Resource Drilling at Campoona Shaft has been completed with 28 RC holes drilled for 2,588 drill metres resulting in 50m x 20m sectional drill coverage.**
- **The first assays from the Resource Drilling reported outstanding wide high grade graphite intervals including 27m @ 18.5%TGC from 60m in hole CSRC12_041; 20m @ 13.3%TGC from 31m in CSRC12_042; and 28m @ 17.1%TGC from 18m in CSRC12_048.**
- **Diamond drill hole CSDD12_003 (drilled at 80° on an azimuth of 120°), intersected 82.5m of intense graphite mineralisation from 24m to the end of hole at 106.5m.**
- **Diamond drill hole CSDD12_004 drilled 150m south of CSDD12_003 intersected 99m of intense graphite mineralisation from 16m to the end of hole at 115m.**
- **Four further diamond drill holes are planned to be completed by mid-August 2012 to provide the metallurgical inputs to support a JORC Measured and Indicated Resource expected in the December 2012 quarter.**
- **Further announcements with results from the RC and diamond drilling programme will be made over the coming weeks.**

Archer Exploration Limited ("Archer") advises that the RC component of resource drilling over the Campoona Shaft portion of the Campoona Graphite Deposit has been completed. The Company's 100% owned Campoona Graphite Project is located approximately 12km north of the township of Cleve on Eyre Peninsula, South Australia.

Drilling in February and again in April 2012 confirmed the presence of a discrete intense graphitic shear zone hosted in lower grade graphitic proto-gneiss. The high grade graphite unit averages from 10m to over 40m in true width with the hangingwall section particularly high grade averaging over 15% graphitic carbon and carrying visible flake.

The latest RC drilling program was designed to drill out the Campoona Shaft portion of the deposit at a 50m x 20m drill nominal spacing to a vertical depth of 100 metres.

Results received to date from the resource drilling program are consistent with the previous exploration programs and reinforce the Ccompany's confidence in the Campoona Graphite deposit. The intersection 27m @ 18.5%TGC in hole CSRC12_041 is the highest grade intercept recorded in drilling to date at the project.

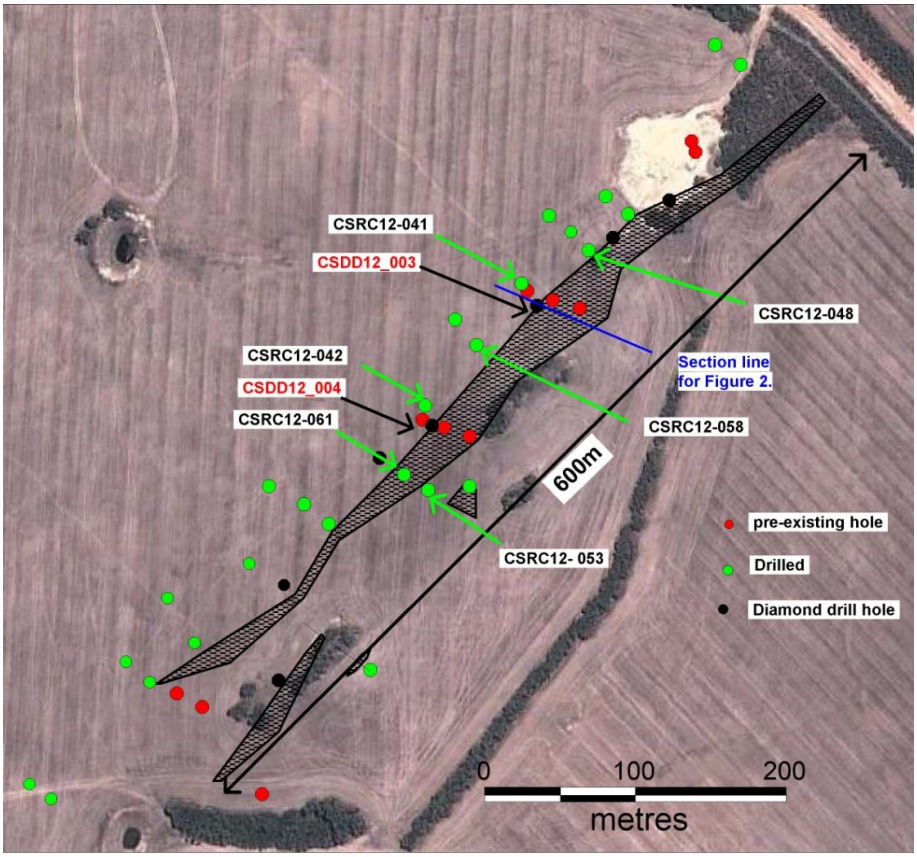

Figure 1. Campoona Shaft interpreted graphite horizons

The first assays results from the RC drilling confirm previous observations regarding the thickness and grade of the graphite mineralisation. Results included:

Drill Hole	From	To	Interval	%TGC
CSRC12_041	54	118	64	11.8
incl	60	87	27	18.5
CSRC12_042	29	75	46	9.3
incl	31	51	20	13.3
CSRC12_048	11	67	56	10.6
incl	18	46	28	17.1
CSRC12_050	30	62	32	9.3
incl	33	51	18	12.8
CSRC12_050	70	81	11	8.3
CSRC12_053	32	79	47	6.7
incl	61	75	14	10.6
CSRC12_061	0	29	29	9.7
incl	1	12	11	12.2
CSRC12_061	75	101	26	6.3
incl	76	85	9	9.4

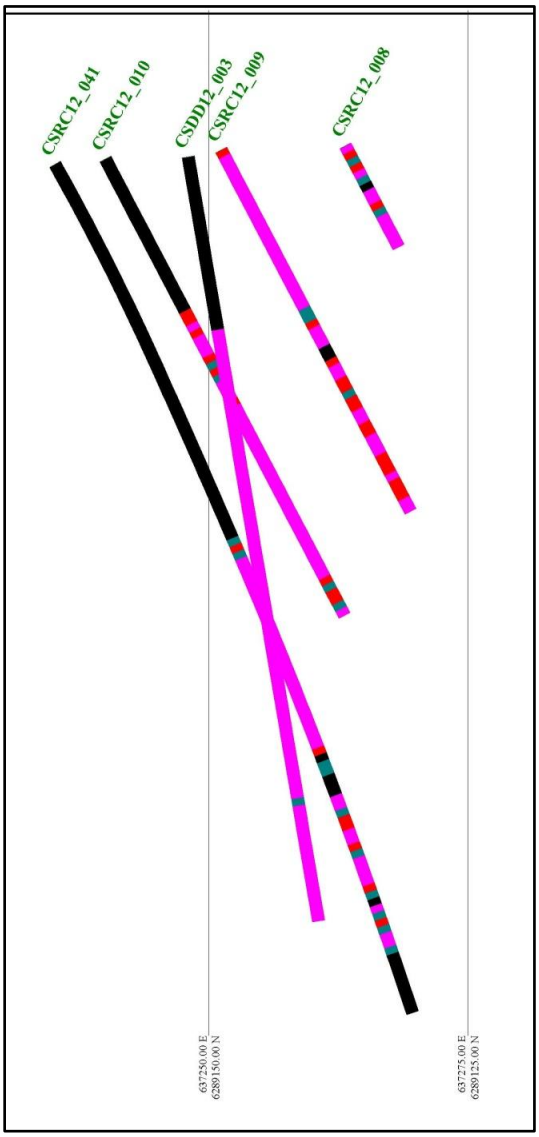

Figure 2. Campoona Shaft Cross Section showing %TGC assay results for RC holes CSRC12_008 -CSRC12_010 and CSRC12_041. TGC above 15% is coloured magenta. Also shown is the first diamond drill hole trace (CSDD12_003) that is yet to be assayed.

Plate1. RC Drilling hole at CSRC12_045

Diamond Drilling

A program of HQ diamond drill holes commenced on 27th June 2012 over the Campoona Shaft. Six to eight diamond drill holes are planned in order to provide samples across the length, breadth and depth of the deposit for metallurgical test work. The test work will define the basis of product type and product recovery needed to support JORC Measured and Indicated Resources and JORC Reserves.

Plate 2. Photo showing diamond drilling in progress for hole CSDD12_003

Two diamond drill holes have been completed.

The first diamond drill hole, CSDD12_003, drilled at -80° on an azimuth of 120° to a depth of 106.5m, intersected intense graphite mineralisation from 24m to the base of the drill hole at 106.5m. The graphite intercept included one small interval of graphitic gneiss. The hole was terminated in graphite due to drilling difficulties.

Plate 3. HQ drill core of highly graphitic schist in hole CSDD12_003

Plate 4. Drill sump prepared for diamond drill hole CSDD12_003 showing thin overburden overlying intense graphite mineralisation.

Plate 5. Close up of the drill sump for diamond drill hole CSDD12_003 showing massive intense graphite mineralisation.

The second diamond drill hole, CSDD12_004, was completed on 16th July 2012. The hole was located 150m south of CSDD12_003 and intersected intense graphite mineralisation from 16m to the end of hole at 115m. This hole was terminated as a precautionary measure as it intersected the same pronounced graphitic kaolinised shear that caused the drilling problems in hole CSDD12_003.

The diamond drill program is expected to take a further 3-4 weeks to complete. Progressive announcements will be made as and when results come to hand.

The airborne EM survey commenced but was postponed due to equipment malfunction. The survey is expected to recommence on the 18thJuly 2012 and be completed within 7-10 days.

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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 eighteen 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.