

27th August 2012

ASX ANNOUNCEMENT / MEDIA RELEASE

OUTSTANDING HIGH GRADE GRAPHITE INTERCEPTS FROM DRILLING AT CAMPOONA

HIGHLIGHTS

- **Results for three of the six diamond drill holes at Campoona Shaft have been received. Significant results include:**
 - **81.4m @ 16.1%TGC from 25m in hole CSDD12_003 including 16.4m @ 21.3%TGC from 90m**
 - **98m @ 13.3%TGC from 17m in hole CSDD12_004**
 - **46m @ 12.6%TGC from 28m in hole CSDD12_005**
- **All assays from the recent RC Resource drilling program at Campoona Shaft have been received. Significant results include:**
 - **56m @ 10.9%TGC from 47m in hole CSRC12_058**
 - **64m @ 11.8 %TGC from 54m in hole CSRC12_041**
- **Results for the remaining three diamond drill holes are expected within the next three weeks.**
- **Detailed geological logging has identified four main geological domains. Metallurgical test work of the domains will be undertaken to ascribe product types and grades per domain.**
- **All Resource drilling at Campoona Shaft has been completed with JORC Resource estimation expected in Q4 calendar 2012.**

DRILLING

All Resource drilling at Campoona Shaft has been completed resulting in a nominal 50m x 20m grid coverage to depths of 80-100m (Figure 1). The Company's 100% owned Campoona Graphite Project is located approximately 12km north of the township of Cleve on Eyre Peninsula, South Australia.

Assays are outstanding for three diamond drill holes with results expected in next three weeks.

Detailed geological logging has identified four main geological domains – main zone oxide, main zone transition, shaft area and footwall zone. The domains are primarily ascribed on the extent

of weathering and disposition of the graphite. Once all assays have been received sampling for metallurgical test work of the domains will be undertaken to ascribe product types and grades per domain. This information will then be used finalise the JORC Resource estimate which is expected to be completed in Q4 calendar 2012.

Diamond drill and RC drill results continue to confirm observations regarding the thickness and grade of the graphite mineralisation. Results include:

Hole ID	From (m)	To (m)	Interval (m)	Assay %TGC	Lithology
RC Drill Results					
CSRC12_058	47	89	42	13.8	Graphitic schist & gneiss
incl	49	70	21	17.7	
CSRC12_063	80	90	10	9.3	Gneiss and graphitic schist
Diamond Drill Results					
CSDD12_003	24	106.4 ⁽¹⁾	82.4	15.9	Graphitic schist to EOH
incl	24	89	65	14.7	
and	90	106.4	16.4	21.3	
CSDD12_004	17	115 ⁽²⁾	98	13.3	
CSDD12_005	28	74 ⁽³⁾	46	12.6	Graphitic schist & gneiss
incl	32	51	19	16.1	
and	59	73	14	14.8	

- (1) Diamond drill hole CSDD12_003 was terminated at 106.4m in high grade graphite due to drilling issues relating to broken ground within a clay-rich fault.
- (2) Diamond drill hole CSDD12_004 was terminated at 114.5m after passing through the same fault that caused problems in CSDD12_003.
- (3) Diamond drill hole CSDD12_005, drilled as a diamond tail to RC drill hole CSRC12_052, was also terminated in mineralisation due to drilling issues relating to the softness of the graphite and the difficulty of holding the drilled graphite in the core catcher.

Results from the diamond drill holes reinforce the Company's confidence that a significant resource will be delineated at the Campoona Graphite Deposit.

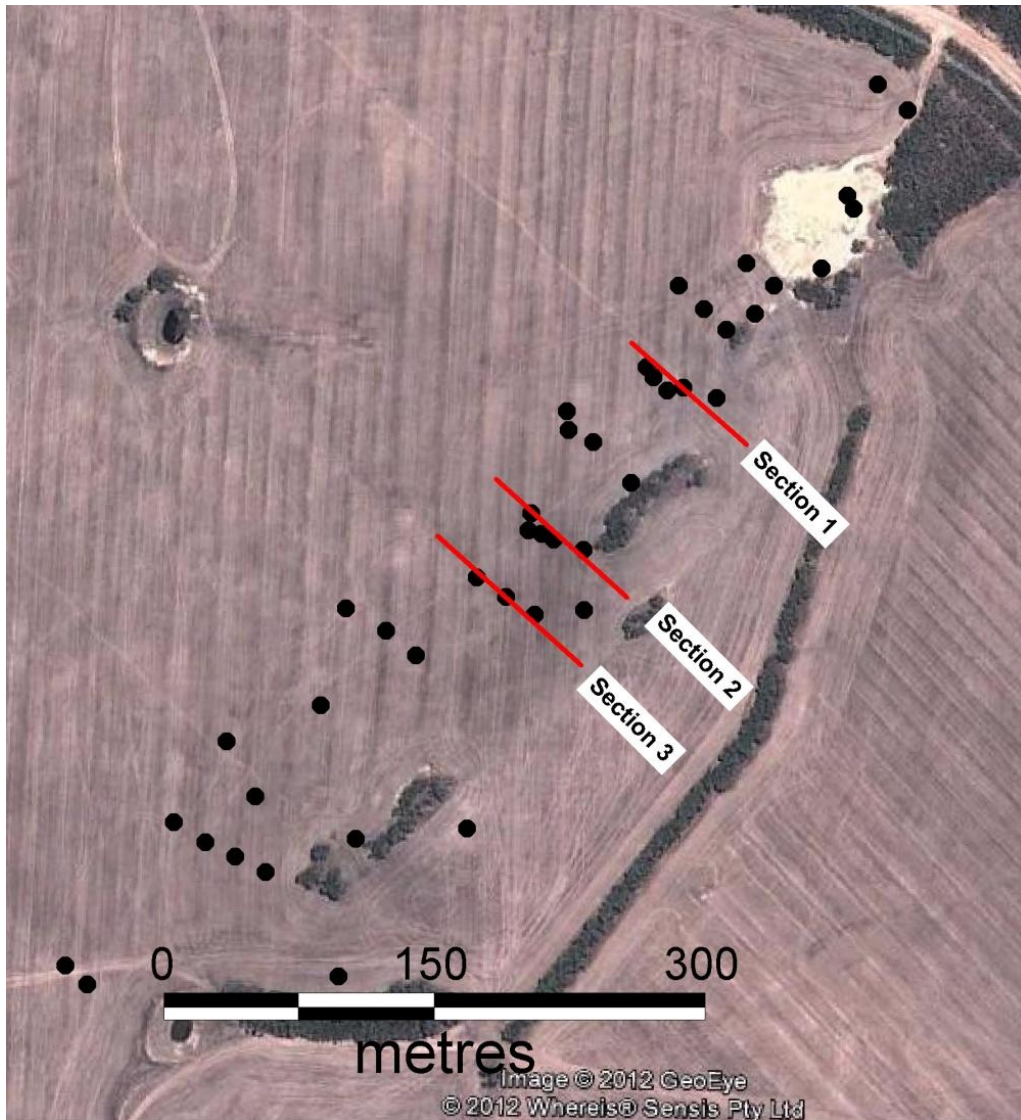


Figure 1. Plan view of Campoona Graphite Deposit showing section locations

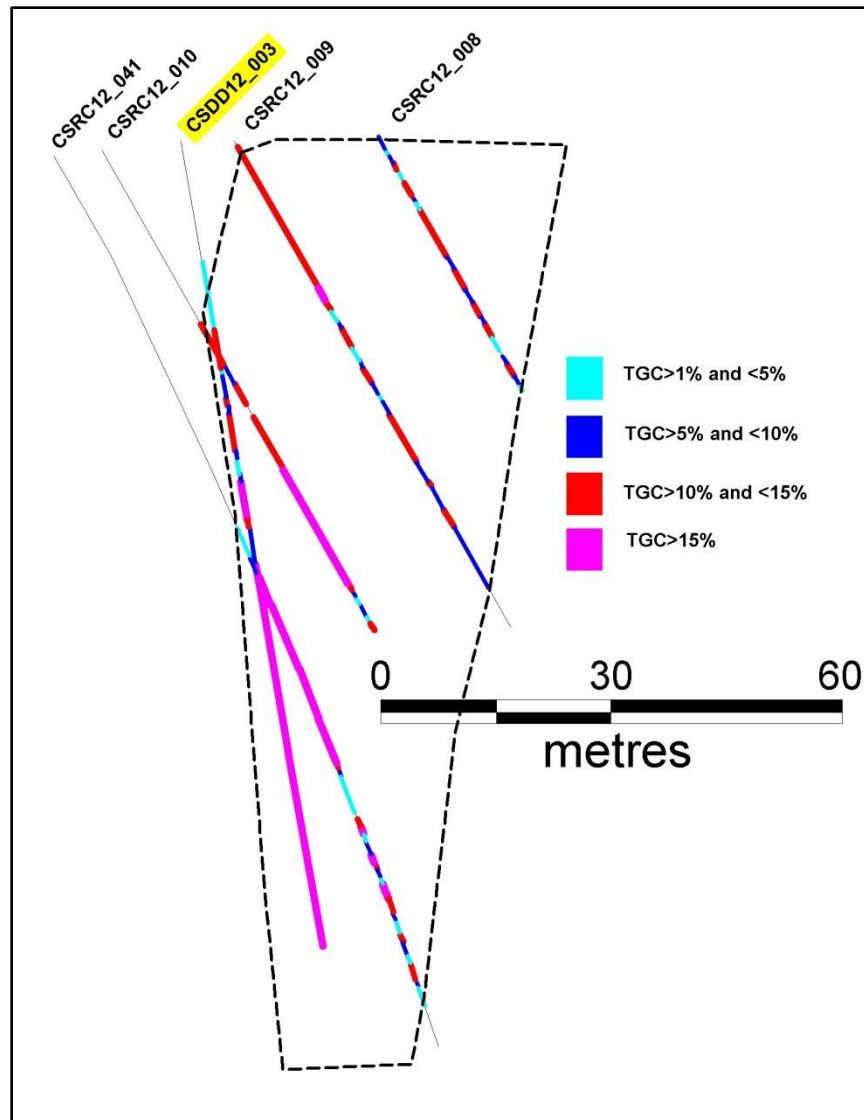


Figure 2. Section 1, Diamond hole CSDD12_003 with assay results

Section 1 shows thick high grade graphite occurring on the hangingwall portion of the deposit.

Generally assays greater than 10%TGC reflect strongly foliated graphitic schist forming part of a regional scale shear zone.

Assays less than 5%TGC generally reflect the preservation of narrow “rafts” of less deformed graphitic gneiss that occur within the shear zone.

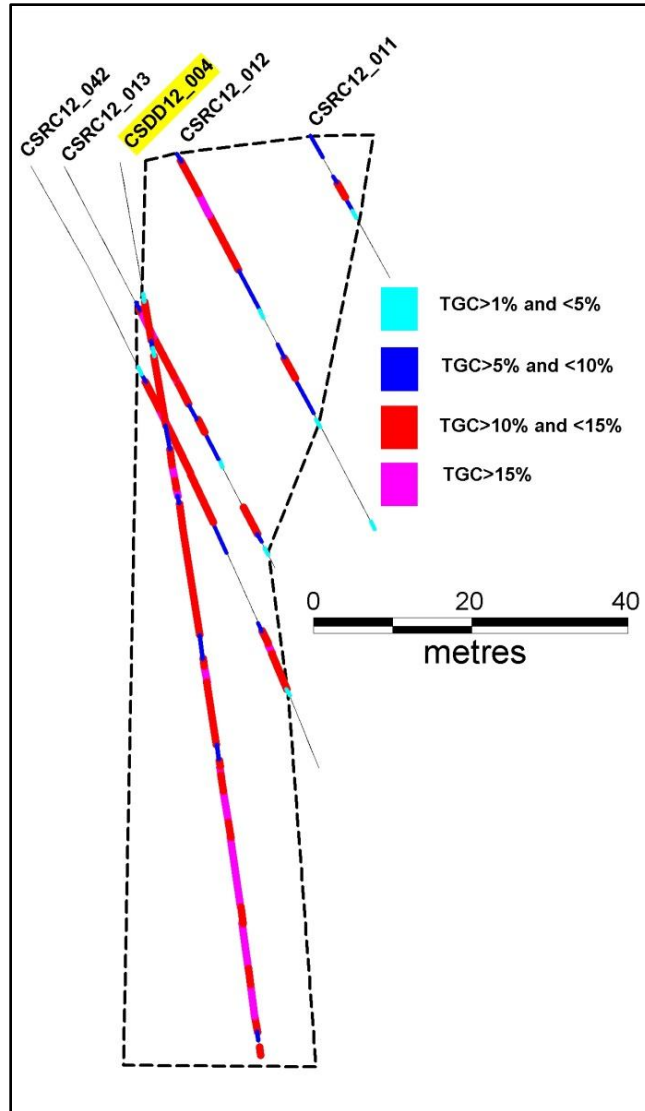


Figure 3. Section 2, Diamond hole CSDD12_004 with assay results

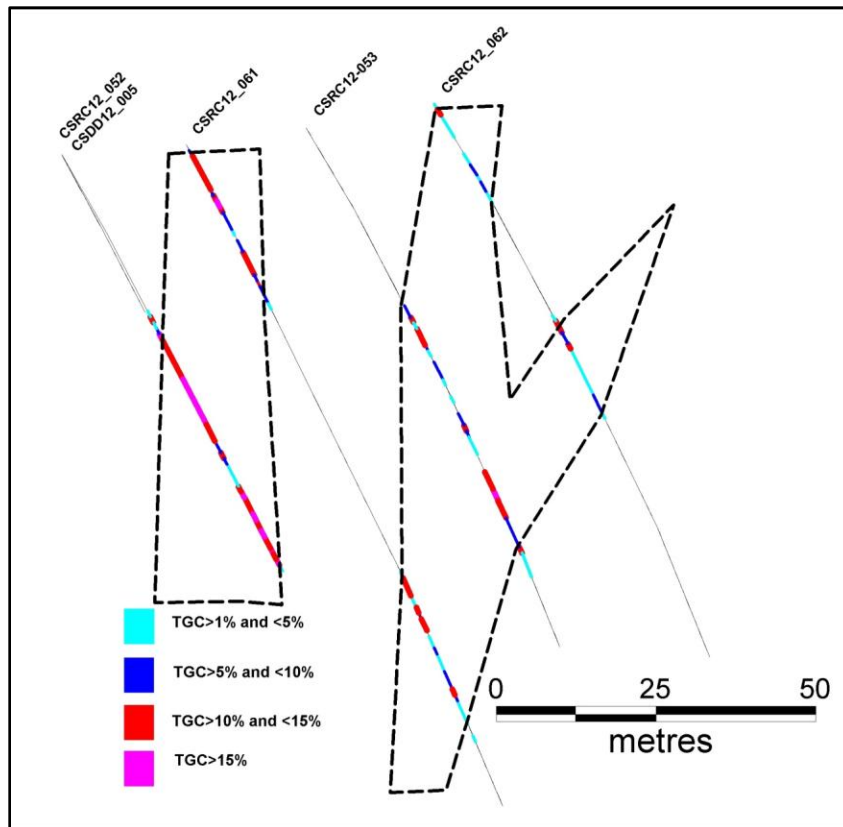


Figure 4. Section 3 showing diamond re-entry CSDD12_005

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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 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 2004 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.