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ASX ANNOUNCEMENT / MEDIA RELEASE

CAMPOONA HEADS OF AGREEMENT

- **Archer Exploration Limited has entered into a legally binding Heads of Agreement for the purchase of land at Campoona Shaft ("Campoona Property") which hosts the Company's Campoona Shaft Graphite Project.**

- **The Heads of Agreement will lead to the completion of the Campoona Land Sale Agreement which is expected to be completed during July/August 2013. Final purchase of the land will occur on subdivision.**

- **The Campoona Land acquisition is an important next step towards developing the Company's Eyre Peninsula Graphite Projects.**

- **Archer now owns all of the land required for the development of the Company's Campoona Shaft and Sugarloaf Graphite Projects.**

Archer Exploration Limited is pleased to announce that it has executed a legally binding Heads of Agreement which covers the sale and purchase of land at Campoona ("Campoona Property") located approximately 15km north of the township of Cleve on South Australia's Eyre Peninsula. The land comprising the Campoona Property is to be excised from the existing pastoral property and settlement of the sale and purchase will occur once the requisite government approvals are received for the sub-division of the land.

The Campoona Property which lies within Wildhorse Plain EL 4693, hosts the Company's Campoona Shaft graphite deposit.

The Campoona Property consists of 120 acres of land (the approximate area purchased shown on Figure 1). The land acquired is sufficient, based on the current resource, to accommodate the full mining of the Campoona Shaft high grade graphite resource.

The acquisition of the Campoona Property and the recent acquisition of the Sugarloaf Property (refer to ASX announcement dated 19 April 2013) gives the Company all of the land needed to support the planned future mining and processing operations for the Campoona Shaft and Sugarloaf deposits. Both Campoona Shaft and Sugarloaf occur on freehold pastoral land. The simplest form of transaction given the freehold status is to own the land on which the future operations will be based. Ownership of the land will provide the Company with operational flexibility as well as providing greater certainty in the upcoming government approvals process for the establishment of mine and processing operations.

The purchase of the Campoona Property and the Sugarloaf Property represents another step toward the Company's plans to further develop its graphite projects on the Eyre Peninsula.

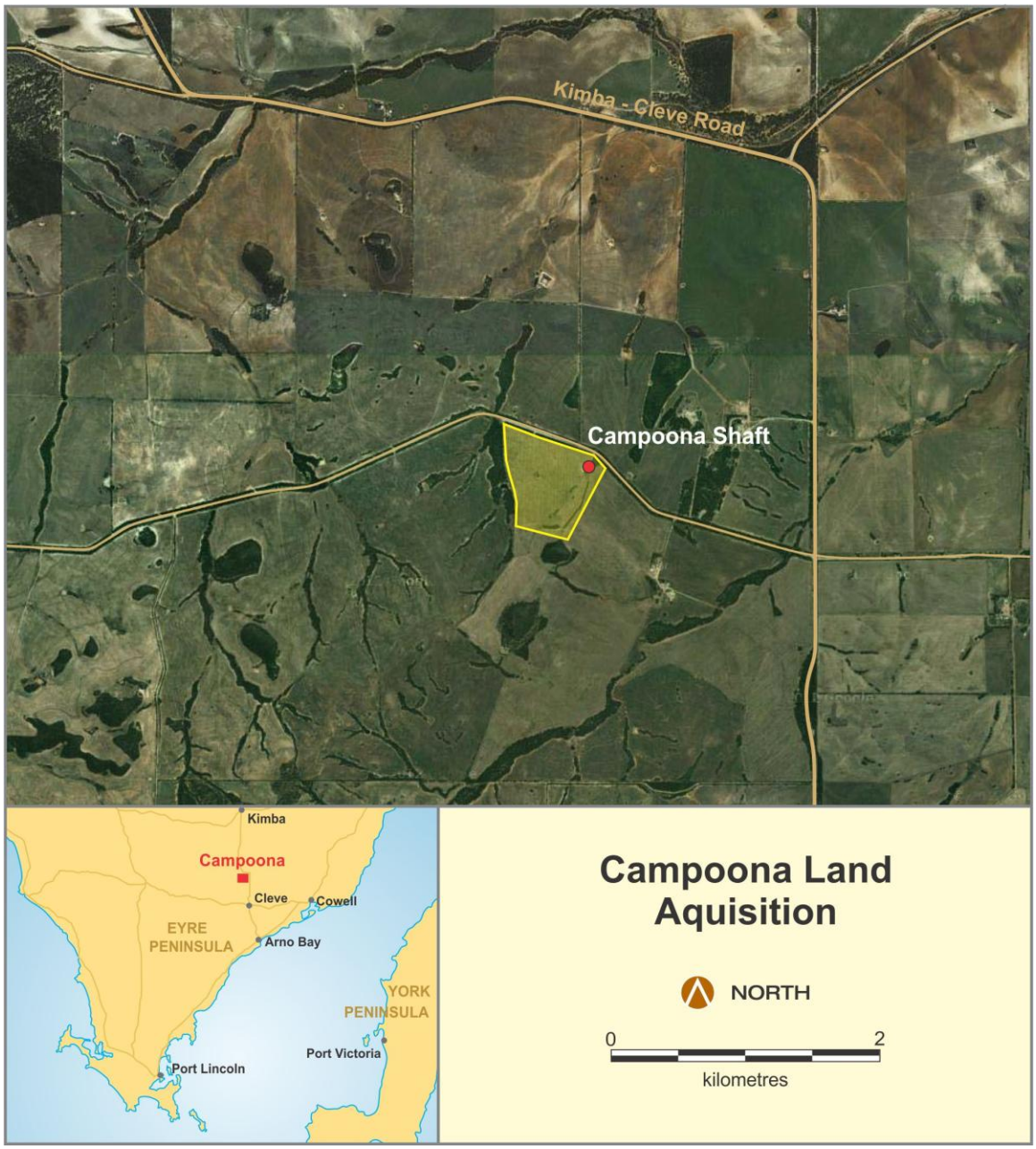

Figure 1. Campoona land being purchased.

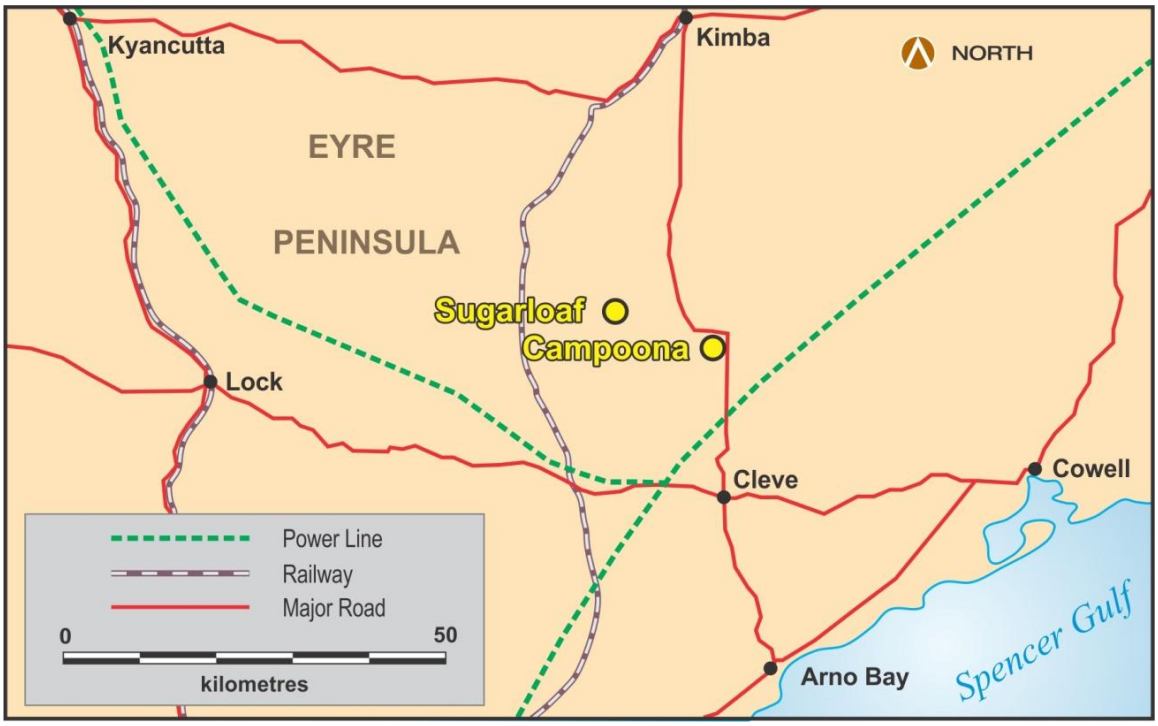

Figure 2. Location of Archer's Campoona and Sugarloaf Graphite Deposits

ABOUT CAMPOONA GRAPHITE PROJECT

The Campoona Shaft graphite deposit has been drilled to a nominal 50m x 20m spaced drill pattern to approximately 100m depth. The main graphite body is present as a 10m – 50m wide, steep west dipping horizon of highly graphitic schist hosted within low grade graphitic gneiss. A JORC Resource for Campoona Shaft was announced in December 2012.

Table 1. Campoona Shaft JORC Resource (2%TGC lower cut-off grade)

Area	Resource Category	Tonnes (Mt)	Graphite (% TGC)	Contained Graphite (tonnes)
Campoona Shaft	Measured	0.339	14.8	50,200
	Indicated	1.059	12.7	134,500
	Inferred	3.475	5.0	173,800
Combined	Total Resource	4.933	7.5	358,500

Table 2. Campoona Shaft JORC Resource (5%TGC lower cut-off grade)

Area	Resource Category	Tonnes (Mt)	Graphite (% TGC)	Contained Graphite (tonnes)
Campoona Shaft	**Measured**	**0.339**	**14.8**	**50,200**
	Indicated	**1.056**	**12.7**	**134,100**
	Inferred	**0.837**	**10.7**	**89,600**
Combined	**Total Resource**	**2.232**	**12.3**	**273,900**

Specific extractive methods have been developed over several months of systematic and rigorous investigative metallurgy. The metallurgical evaluation of Campoona Shaft has shown that ultra-pure graphite concentrates can be prepared from mechanical float cells typically at ≥98% carbon with limited beneficiation to deliver in excess of 99% carbon.

The campaign of metallurgical bench flotation trials demonstrates that the combination of a high-performing, ultrafine graphite flotation followed by simple acid treatment to remove trace contaminants is now able to consistently produce graphite concentrates that report ≥98% carbon and with limited beneficiation grade in the 99+% range for both the weathered and semi-weathered horizons in the deposit. Testing of the lowermost horizon below 70m depth will be released during May 2013.

Such purities are exceptional in the natural graphite industry and the Company.

The results achieved show that Archer can focus on the production of ultra-pure graphite that may rival synthetic graphite in purity but is likely to out-perform synthetic graphite due to its crystallinity. Synthetic graphite is expensive to produce and typically trades at prices greater than US$7,000/t.

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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.