

# Notice Of Annual General Meeting – 2013

Archer Exploration Limited

ABN 64 123 993 233



## Notice of Annual General Meeting – 2013

Notice is hereby given that the Annual General Meeting of the shareholders of Archer Exploration Limited will be held at Level 1, 28 Greenhill Road, Wayville South Australia 5034 on 31 October 2013 at 10.00 am (Adelaide time) for the purpose of transacting the business referred to in this Notice of Annual General Meeting.

The Explanatory Memorandum that accompanies and forms a part of this Notice of Annual General Meeting describes the matters to be considered at the meeting.

### 2013 Financial Statements and Report

To receive, consider and discuss the financial statements of the Company and the Directors' Report, Directors' Declaration and Auditors' Report for the year ended 30 June 2013.

### Ordinary Business:

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolutions:

#### 1) Remuneration Report

*'That the Remuneration Report for the year ended 30 June 2013 as set out in the 2013 Annual Report be adopted for the purpose of section 250R(2) of the Corporations Act.'*

*Note: Section 250R(3) of the Corporations Act provides that the vote on this resolution is advisory only and does not bind the Directors or the Company.*

#### Voting Restriction

*In accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a member of the key management personnel, details of whose remuneration are included in the remuneration report, and any closely related party of such a member. However, the member or any closely related party of such a member may vote if:*

- a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution, or by a person who is the chair of the meeting at which the resolution is voted on and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel; and*
- b) it is not cast on behalf of the member or any closely related party of such a member.*

#### 2) Re-Election of Greg English as a Director

*'That Greg English, a Non-Executive Director retiring by rotation in accordance with ASX Limited (ASX) Listing Rule 14.5 and clause 2.5 of the Constitution of the Company, and being eligible for re-election, be re-elected as a Non-Executive Director of the Company.'*

### Special Business:

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolutions:

#### 3) Issue of Performance Rights to Managing Director Gerard Anderson

*'That, for the purposes of ASX Listing Rule 10.14, approval be given for the grant of 832,500 performance rights (and the subsequent issue of any shares upon vesting of those rights) to Gerard Anderson, Managing Director of Archer Exploration Limited, to be granted under the Archer Exploration Performance Rights Plan on the terms set out in the accompanying Explanatory Memorandum.'*

#### Voting Exclusions and Voting Restriction

*In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this ordinary resolution by any person who is eligible to participate in, or who might obtain a benefit under, the Archer Exploration Performance Rights Plan and any associates of that person. However, the Company need not disregard a vote if:*

- a) it is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

*Further, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a member of the key management personnel, and any closely related party of such a member, acting as proxy if their appointment does not specify the way the proxy is to vote on this resolution or expressly authorises the a person who is the chair of the meeting to exercise undirected proxies. However, the member or any closely related party of such a member may vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution or by a person who is the chair of the meeting at which the resolution is voted on and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.*



**4) Issue of Performance Rights to Non-Executive Chairman Greg English**

*'That, for the purposes of ASX Listing Rule 10.14, approval be given for the grant of 750,000 performance rights (and the subsequent issue of any shares upon vesting of those rights) to Greg English, Chairman of Archer Exploration Limited, to be granted under the Archer Exploration Performance Rights on the terms set out in the accompanying Explanatory Memorandum.'*

**Voting Exclusions and Voting Restriction**

*In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this ordinary resolution by any person who is eligible to participate in, or who might obtain a benefit under, the Archer Exploration Performance Rights Plan and any associate of that person. However, the Company need not disregard a vote if:*

- a) it is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- b) it is cast by the person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

*Further, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a member of the key management personnel, and any closely related party of such a member, acting as proxy if their appointment does not specify the way the proxy is to vote on this resolution or expressly authorises the a person who is the chair of the meeting to exercise undirected proxies. However, the member or any closely related party of such a member may vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution or by a person who is the chair of the meeting at which the resolution is voted on and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.*

**5) Issue of Performance Rights to Non-Executive Director Tom Phillips AM**

*'That, for the purposes of ASX Listing Rule 10.14, approval be given for the grant of 450,000 performance rights (and the subsequent issue of any shares upon vesting of those rights) to Tom Phillips, a Non-Executive Director of Archer Exploration Limited, to be granted under the Archer Exploration Performance Rights on the terms set out in the accompanying Explanatory Memorandum.'*

**Voting Exclusions and Voting Restriction**

*In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this ordinary resolution by any person who is eligible to participate in, or who might obtain a benefit under, the Archer Exploration Performance Rights Plan and any associate of that person. However, the Company need not disregard a vote if:*

- a) it is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- b) it is cast by the person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

*Further, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a member of the key management personnel, and any closely related party of such a member, acting as proxy if their appointment does not specify the way the proxy is to vote on this resolution or expressly authorises the a person who is the chair of the meeting to exercise undirected proxies. However, the member or any closely related party of such a member may vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution or by a person who is the chair of the meeting at which the resolution is voted on and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.*

**6) Grant of Performance Rights to Non-Executive Director Alice McCleary**

*'That, for the purposes of ASX Listing Rule 10.14, approval be given for the grant of 450,000 performance rights (and the subsequent issue of any shares upon vesting of those rights) to Alice McCleary, a Non-Executive Director of Archer Exploration Limited, to be granted under the Archer Exploration Performance Rights on the terms set out in the accompanying Explanatory Memorandum.'*

**Voting Exclusions and Voting Restriction**

*In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this ordinary resolution by any person who is eligible to participate in, or who might obtain a benefit under, the Archer Exploration Performance Rights Plan and any associate of that person. However, the Company need not disregard a vote if:*

- a) it is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- b) it is cast by the person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

*Further, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a member of the key management personnel, and any closely related party of such a member, acting as proxy if their appointment does not specify the way the proxy is to vote on this resolution or expressly authorises the a person who is the chair of the meeting to exercise undirected proxies. However, the member or any closely related party of such a member may vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution or by a person who is the chair of the meeting at which the resolution is voted on and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.*

You may view the 2013 Annual Report at the Archer website.

[www.archerexploration.com.au/index.php?PID=132](http://www.archerexploration.com.au/index.php?PID=132)

By order of the Board



Craig Gooden  
Company Secretary  
26 September 2013



## Notes on Voting and Proxy

For the purpose of determining the voting entitlements at the meeting, the Board has determined that, in accordance with the Company's Constitution and the *Corporations Act*, the shares in the Company will be taken to be held by the registered holders of those shares at 7.00 pm (Sydney time) on 29 October 2013. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### Appointment Of Proxy

A Shareholder who is entitled to attend and cast a vote at the Annual General Meeting and who wishes to vote on the resolutions contained in this Notice should either attend in person or appoint a proxy or proxies to attend or vote on the Shareholder's behalf. A Shareholder entitled to attend and to cast two or more votes may appoint up to two proxies to attend and vote on behalf of that Shareholder. A proxy need not be a Shareholder. A proxy form is included with this Notice of Annual General Meeting. A Shareholder that is a body corporate may appoint a representative to attend in accordance with the *Corporations Act*.

If a Shareholder appoints two proxies, then the appointment of the proxies may specify the proportion or the number of that Shareholder's votes that each

proxy may exercise. If the Shareholder appoints two proxies and the appointment does not so specify, each proxy may exercise half of the votes able to be cast by the appointing Shareholder. Fractions of votes will be disregarded.

A proxy form must be signed by the Shareholder or their duly appointed attorney, or in the case of a body corporate, executed in accordance with the Constitution, or signed by a duly authorised officer or attorney.

To be effective, the Company must receive the completed proxy form signed by the Shareholder and, if the form is signed by the Shareholder's attorney or authorised officer of a corporation, the authority under which the proxy form is signed (or a certified copy of the authority by post or fax no later than 10.00 am (Adelaide time) on 29 October 2013 (being 48 hours before the commencement of the meeting) to:

- the Company's registered office at Level 1, 28 Greenhill Road Wayville, South Australia 5034 (facsimile (08) 8272 3888); or
- the Company's share registrar, Computershare Investor Services Pty Limited, as listed below.

Mail:	In person:	Fax:
Archer Exploration Limited C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia	Archer Exploration Limited C/- Computershare Investor Services Pty Limited Level 5, 115 Grenfell Street Adelaide SA 5001 Australia	Archer Exploration Limited C/- Computershare Investor Services Pty Limited (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555

If you require an additional proxy form, please contact Computershare Investor Services Pty Limited.

### Voting by proxies

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit subject to the requirements outlined in the next paragraph which apply if the proxy is the Chairperson. If a proxy abstains from voting and the directions on the proxy require that person to vote, the votes not exercised by the proxy will be given to the chair to vote in accordance with the directions on the proxy form.

Where more than one proxy is appointed, neither proxy is entitled to vote on a show of hands.

Please read the directions on the proxy form carefully, especially if you intend to appoint the Chairperson of the meeting as your proxy. Please note that if you appoint the Chairperson of the meeting as your proxy, you will be directing the Chairperson to vote in accordance with the Chairperson's voting intention unless you indicate otherwise by marking the "For",

"Against", or "Abstain" boxes. The Chairperson of the meeting intends to vote undirected proxies in favour of each item of business, although he can only do so in relation to resolutions 1, 3, 4, 5 and 6 when provided with an express authorisation to do so and if the box in the "Important for Items 3, 4, 5 and 6" section of the proxy form is ticked. Further, please note that you are entitled to appoint the Chairperson as a proxy with a direction to cast the votes contrary to the Chairperson's voting intention, or to abstain from voting, on any resolution.

### Appointment of company representative

A body corporate may elect to appoint a representative, rather than appoint a proxy, in accordance with the *Corporations Act*. Where a body corporate appoints a representative, the Company requires written proof of the representative's appointment to be lodged with or presented to the Company before the meeting.

### Custodian Voting

Custodian Voting is available for Intermediary Online subscribers only (Custodians) by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

## Annual General Meeting – Explanatory Memorandum

Archer Exploration Limited ABN 64 123 993 233

This Explanatory Memorandum has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of Shareholders to be held at Level 1, 28 Greenhill Road, Wayville South Australia 5034, on 31 October 2013 at 10.00 am (Adelaide time).

This Explanatory Memorandum should be read in full and in conjunction with the accompanying Notice of Annual General Meeting before making any decision in relation to the resolutions, and is a brief explanation of Resolutions 1 to 6 in the Notice of Annual General Meeting and why the Company is seeking Shareholder approval.

### General Business

#### Receiving Financial Statements And Reports

The *Corporations Act* requires that shareholders consider the annual consolidated financial report (which includes the Financial Statements and Directors' Declaration), the Directors' Report and Auditor's Report every year.

There is no requirement either in the *Corporations Act* or the Constitution for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports.

Whilst no resolution is required in relation to this item, the auditor of the Company or their representative will be available to receive questions relevant to:

- a) the conduct of the audit;
- b) the preparation and content of the Auditor's Report;
- c) the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- d) the independence of the auditor in relation to the conduct of the audit.

No resolution is required to be moved in respect of this item of General Business.

### Ordinary Business

#### RESOLUTION 1 – Remuneration Report

The Directors' Report set out in the 2013 Annual Report contains a Remuneration Report of the Company for the financial year ended 30 June 2013, which sets out the policy for the remuneration of the Directors, company secretaries and the senior managers. Shareholders who did not elect to receive a hard copy of the 2013 Annual Report and financial statements can view them on the Company's website at

[www.archerexploration.com.au/index.php?PID=132](http://www.archerexploration.com.au/index.php?PID=132)

The Remuneration Report provides information on the following issues:

- the policies adopted by the Board for determining the nature and amount of remuneration of Directors, the company secretary and senior managers;
- the relationship between the remuneration policies and the Company's performance;
- the performance conditions that apply to the different components of the remuneration structure, why those performance conditions were chosen and how performance is measured against them; and
- remuneration details for Directors and senior executives.

The Board believes the Company's remuneration policies and structures as outlined in the Remuneration Report are appropriate relative to the size of the Company, its business and strategic objective and current and emerging market practices.

Section 300A of the *Corporations Act* requires the directors to include a remuneration report in their report for the financial year. Section 250R(2) of the *Corporations Act* requires the Remuneration Report be put to the vote at the Company's Annual General Meeting. Shareholders should note that the vote will be advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

In relation to the non-binding shareholder vote, if 25% or more of the votes that are cast are against the adoption of the remuneration report at an AGM and comments are made on the remuneration report, the company's subsequent remuneration report is required to include an explanation of the board's proposed action or why no action has been taken.

### RESOLUTION 1 – *continued*

Where 25% or more of the votes that are cast are against the adoption of the remuneration report at a company's second AGM, then if shareholders at that second AGM passes an ordinary resolution to hold a further meeting ("Spill Resolution"), then the directors who approved the directors' report, other than the managing director, must resign or cease to hold office and may be reappointed to the vacated positions.

At the 2012 AGM, the Company's Remuneration Report for the financial year ended 30 June 2012 received 96.7% of votes cast for the Remuneration Report.

#### Board Recommendation

The Board, while noting that each Director has a personal interest in their own remuneration from the Company, recommends that Shareholders vote in favour of adopting the Remuneration Report.

### RESOLUTION 2 – Re-Election of Greg English as a Director

Clause 2.5 of the Company's Constitution requires that at every Annual General Meeting one third of the Directors for the time being (excluding the Managing Director) must retire from office and be eligible for re-election.

ASX Listing Rule 14.4 provides that a director (excluding the Managing Director) must not hold office (without re-election) past the third annual general meeting following the directors' appointment or 3 years, whichever is longer. However, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Greg English retires by rotation and offers himself for re-election pursuant to ASX Listing Rule 14.4 and the Company's Constitution. The qualifications and experience of Greg English are set out below.



**Greg English**  
LLB, BE Mining  
*Director since 9 May 2007*

Greg English is the Chairman of the Company and he is a qualified mining engineer and lawyer. He is a partner of Piper Alderman Lawyers and specialises in mining, commercial and securities law. He is also a qualified mining engineer, with experience on a wide variety of mining projects. Greg is Chairman of ASX listed Core Exploration Limited, a Director of West African Gold Limited and was a previous Director of ASX listed Gawler Resources Ltd. Greg's experience in the mining industry, particularly in capital raising, tenement acquisition,

project management and business development, and his industry knowledge and business relationships, enables Archer Exploration to manage and develop its existing tenement portfolio and to identify and secure other high quality exploration assets.

#### Board Recommendation

The Directors (other than Greg English, who is not entitled to make, and does not make, a recommendation) recommend that Shareholders approve Resolution 2 for the re-election of Greg English as a Director of the Company.

### RESOLUTION 3 – Issue of Performance Rights to Managing Director

#### Background to Resolution 3

The Board has adopted a plan called the Archer Exploration Performance Rights Plan (**Plan**) as part of the overall remuneration strategy of the Company. The Plan provides for the issue of performance rights (**Rights**) to key employees of the Company invited by the Board to participate in the Plan. Subject to the satisfaction of any performance hurdles, the Rights result in the issue of fully paid ordinary shares in the Company (**Shares**). A copy of the rules for the Plan (**Plan Rules**) is available on the Company's website [www.archerexploration.com.au/index.php?PID=107](http://www.archerexploration.com.au/index.php?PID=107). A brief summary of the Plan Rules is set out below.

Under the terms of Mr Anderson's Employment Contract dated 19 August 2013 which was effective from 1 July 2013, a bonus of up to 15% of the base salary is payable annually in shares by way of grant of Rights if Key Performance Indicators relating to increases in the Company's share price are met. If shareholders do not approve the payment of this bonus in Rights convertible to Shares, and the Key Performance Indicators are met, then the Company will be required to pay the bonus of up to 15% of the base salary in cash.

The Plan and the Rights are designed to assist the Company to attract and retain key employees of the Company and provide them with an incentive to maximize the return to Shareholders over the long term.

Mr Anderson has been invited by the Board to participate in the Plan and to be issued with Rights no later than 12 months after the date of this AGM which will vest over the next three years on the terms set out below if approved by shareholders at this AGM. The Rights for a financial year will vest only if the Key Performance Indicators, as detailed below, during that financial year are met. These are the first Rights to be granted to Mr Anderson. Approval is being sought to allow the Company flexibility to either issue new shares or to purchase shares on market for allocation to Mr Anderson upon the vesting of Rights.

## Annual General Meeting – Explanatory Memorandum

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### RESOLUTION 3 – *continued*

#### Reason for Shareholder approval

Under the ASX Listing Rule 10.14, shareholder approval is required for the issue of securities (including shares, performance rights, options over unissued shares and other convertible securities) to directors under an employee incentive scheme. Accordingly, shareholder approval is sought for the proposed grant of 832,500 Rights and the subsequent issue of Shares to Mr Anderson. The number of Rights calculated in accordance with the formula below will vest on or close to 1 July 2014 only if the Key Performance Indicators for the 2013/14 financial year are met as detailed below. If shareholder approval is obtained, details of the Rights actually vested (if any) to Mr Anderson under the Plan will be provided in the Company's Annual Report for the financial years ending 30 June 2014, 2015 and 2016.

#### Plan Terms and Conditions

Information regarding the general operation of the Plan is set out in Annexure A attached to this Notice.

If shareholder approval is obtained, the Rights will be granted no later than 12 months after the date of this Annual General Meeting and will vest once per year in three tranches on or close to 1 July 2014, 1 July 2015 and 1 July 2016 as part of Mr Anderson's long-term incentive remuneration for the next three years subject to the Key Performance Indicators being met. Rights will be granted at no cost to Mr Anderson, and no amount is payable on vesting of the Rights. Accordingly, there is no loan scheme in relation to the Rights. Rights will be granted under, and subject to, the Plan Rules. Rights do not carry any dividend or voting rights unless and until those Rights have been exercised and Share have been issued.

Each Right entitles Mr Anderson to one Share in the Company once the Right becomes exercisable and provided it has not lapsed. Shares allocated on vesting of Rights will rank equally with shares in the same class. The total number of Rights to be granted to Mr Anderson will not exceed 832,500.

As noted above, the maximum number of Rights that will be granted will not exceed 832,500. This cap has been calculated based on the current base salary of \$450,000 for Mr Anderson and an estimated Company share price over this period. In the event that these assumptions result in an underestimation of the number of Rights that should be granted, then further shareholder approval would be required for

any Rights that are to be granted in excess of the cap. If approval is obtained at this Annual General Meeting, it is anticipated that the Rights will be granted to Mr Anderson no later than 12 months after the date of this Annual General Meeting and will vest once per year in three tranches on or close to 1 July 2014, 1 July 2015 and 1 July 2016 subject to the Key Performance Indicators being met. No Rights will be granted pursuant to this approval more than 12 months after the date of this Annual General Meeting.

If the Board determines the vesting conditions are satisfied and gives notice in writing, the Rights will become vested and may be exercised on and from the date Mr Anderson receives such notice. On vesting and exercise of the Rights, new Shares may be issued or existing shares acquired on-market. The Board has determined that the Rights to be granted to Mr Anderson (if approval is received) will be subject to two vesting conditions:

- a service condition; and
- a share price performance condition.

To satisfy the service condition, Mr Anderson must be employed by a member of Archer Exploration Group on the date of grant and must remain employed by a member of the Archer Exploration Group on the third anniversary of the date of the grant (or such other date as the Board determines at the time of grant). If Mr Anderson leaves the Company as a 'good leaver' before the end of the service condition period, then the Company's policy will apply (see below).

The share price performance condition is the share price performance as compared to the ASX Small Resources Index (AS39). The Company share price performance for each of the three years commencing 1 July 2013 to 30 June each year will be compared to ASX Small Resources Index movement for the same 12 months over the three year period. The level of performance required for each level of vesting and the percentage vesting associated with each level of performance are set out in the table below.

#### Archer Exploration Ranking versus

ASX Small Resources Index	% of Maximum Award
Below the 100 <sup>th</sup> percentile	0% vest
Between the 100 <sup>th</sup> and 125 <sup>th</sup> percentile	50% vest
Between the 125 <sup>th</sup> and 150 <sup>th</sup> percentile	75% vest
At or above 150 <sup>th</sup> percentile	100% vest





### RESOLUTION 3 – continued

In addition to each level of performance set out in the above table, the Board has decided that the share price performance condition will not be met if the Company's share price at 30 June in a particular year is below the Company's share price on 1 July of the preceding year.

The number of Rights which may vest in any given year will be calculated as follows:

$$A = ((B \times 15\%) \div C) \times (D \div 12)$$

Where:

- A** = number of Rights which will vest;
- B** = the value of Mr Anderson's total fixed annual remuneration (excluding any short-term or long-term incentives) in the relevant financial year. Mr Anderson's current base salary is \$450,000 but subject to annual review by the Board;
- C** = the volume weighted average price ("VWAP") of the Company's shares over the five trading days up to and including the vesting date;
- 15%** = the long-term incentive component of Mr Anderson's total base salary; and
- D** = the number of months worked by Mr Anderson during the relevant financial year.

The Board may round the number of Rights determined under the above formula up or down as appropriate.

An example of the calculation of the Rights to be vested if the Key Performance Indicators are met is shown below:

If Company VWAP over the five trading days up to 30 June 2015 was \$0.35, Company share price on 1 July 2014 was \$0.25 and ASX Small Resources Index increase for the 12 months ended 30 June 2015 was 9.0% and Mr Anderson worked the entire 2014/15 financial year, then the number of Rights which vest on or close to 1 July 2015 for the 2014/15 financial year would be 192,858 calculated as follows:

$$B = \$450,000 \text{ (assuming no increase in base salary)}$$

$$C = \$0.35$$

$$D = 12$$

$$E = 100\% \text{ as VWAP exceeded ASX Small Resources Index by more than 150\%}$$

$$A = ((\$450,000 \times 15\%) \div \$0.35) \times (12 \div 12) \times 100\% \\ = 192,858$$

The Rights lapse if and to the extent the Key Performance Indicators are not met prior to their expiry date. There is no re-testing. Mr Anderson is prohibited from hedging the share price exposure in respect of Rights during the performance period applicable to those Rights.

#### Treatment of Rights on cessation of employment

In accordance with the Company's policy, if Mr Anderson ceases employment due to death, total and permanent disablement, bona fide redundancy or for any other reason determined by the Board, then the Rights that have vested but have not been exercised will remain exercisable until the end of the exercise period applicable to those Rights, and the Board will determine, in its absolute discretion, the number of unvested Rights (if any) will become vested. The remaining unvested Rights will lapse immediately upon the Board making its determination.

If Mr Anderson ceases employment for any other reason (including due to resignation or termination by the Company for poor performance or misconduct), any unvested and vested Rights that have not been exercised will immediately and automatically lapse. Where the termination of employment is for fraud, dishonesty, breach of obligations or for any other reason justifying termination without cause, then where the Rights have been exercised and Shares have been issued or transferred, such Shares will be forfeited and the Board may, in its absolute discretion, determine any unvested Rights or unexercised vested Rights to have lapsed and/or require Mr Anderson to pay all or part of the net proceeds if the Shares have been sold. However, the Board retains the discretion to determine that unvested Rights do not lapse and to waive any forfeiture rights of the Company.

#### Change of control, capital reconstructions and bonus issues

Under the Plan Rules, in the event of a change of control of the Company, the Board has the discretion to determine that Mr Anderson's performance is in line with the conditions as assessed on a pro rata basis and that the Rights vest and the number of unvested Rights that will vest.

Entitlements in respect of the Rights will be adjusted to take into account capital reconstructions and bonus issues as required by the ASX Listing Rules to ensure that holders of the Rights are not unfairly disadvantaged and do not receive a benefit that shareholders do not receive.

#### Board Recommendation

The Directors are not entitled to make, and do not make, any voting recommendation to shareholders as to how to vote in relation to Resolution 3.

## Annual General Meeting – Explanatory Memorandum

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### RESOLUTION 4, 5 and 6 – Issue of Performance Rights to Directors

The Board has adopted the Plan as part of the overall remuneration strategy of the Company. The purpose of the Plan is outlined in more detail in the Explanatory Memorandum in respect of Resolution 3. Mr English, Mr Phillips and Ms McCleary have been invited to participate in the Plan and to be granted Rights which vest over the next three years on the terms set out below if approved by Shareholders at this AGM.

#### Reason for Shareholder approval

Under the ASX Listing Rule 10.14, shareholders are required to approve the issue of securities (including shares, performance rights, options over unissued shares and other convertible securities) to directors under an employee incentive scheme. Accordingly, shareholder approval is sought for the proposed grant of Rights and the subsequent issue of Shares to Mr English, Mr Phillips and Ms McCleary.

#### Plan Terms and Conditions

Information regarding the general operation of the Plan is set out in Annexure A attached to this Notice. If shareholder approval is obtained at this Annual General Meeting, the Rights will be granted no later than 12 months after the date of this Annual General Meeting and will vest once per year in three equal tranches on or close to 1 July 2014, 1 July 2015, and 1 July 2016 subject to the Key Performance Indicators being met. The Rights will be granted under the Plan at no cost to Mr English, Mr Phillips and Ms McCleary and no amount is payable on vesting of the Rights. As such, there is no loan scheme in relation to the Rights. The Rights do not have any voting of dividend rights unless and until those Rights have been exercised and Shares have been issued.

Each Right entitles the holder to one Share in the Company once the Right becomes exercisable and provided it has not lapsed. Shares allotted on vesting of Rights will rank equally with ordinary fully paid shares. The total number of Rights to be granted will not exceed 750,000 for Mr English and 450,000 each for Mr Phillips and Ms McCleary being a total of 1,650,000 Rights.

Mr Phillips and Ms McCleary are paid \$50,000 per year including the statutory 9.25% superannuation and Mr English is paid \$75,000 per year including the statutory 9.25% superannuation. Mr English's, Mr Phillips' and Ms McCleary's fees have not changed since the Company listed on the ASX in August 2007. During 2011 and 2012, Mr Phillips' and Ms McCleary's fees were reduced to \$40,000 and Mr English's fees were reduced to \$65,000 when the Board was

increased in size due to a shareholder request for Board representation. This decrease in Directors fees to each of Mr English, Mr Phillips and Ms McCleary during that period has not been paid. This is the first time since the Company listed more than 6 years ago that the Company has sought shareholder approval to approve securities to be granted to Mr English, Mr Phillips and Ms McCleary. There is no intention to increase Directors' cash remuneration at this time.

#### Vesting Conditions

The Rights' vesting conditions for Mr English, Mr Phillips and Ms McCleary are the same as the service conditions and share price performance conditions outlined for Mr Anderson in the Explanatory Memorandum in respect of Resolution 3. No Rights will vest if the Company share price performance does not meet thresholds detailed above. A Right converts to a Share upon vesting. The maximum number of Rights that may be granted is 750,000 for Mr English and 450,000 each for Ms McCleary and Mr Phillips.

#### Other information

No funds will be raised by the Company from the issue of the Rights or the vesting of the Rights for Shares. The same terms and conditions as outlined for the Rights to be issued to Mr Anderson in respect of cessation of employment and change of control apply to the Rights to be issued to Mr English, Mr Phillips and Ms McCleary.

#### Board Recommendation

The Directors are not entitled to make, and do not make, any voting recommendation to shareholders as to how to vote in relation to Resolutions 4, 5 and 6.



## Definitions

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*In the Explanatory Memorandum and Notice of Annual General Meeting:*

Archer or the Company means Archer Exploration Limited (ABN 64 123 993 233).

ASX means ASX Limited (ABN 98 008 624 691).

Board means the board of directors of Archer.

Closely Related Party has the same meaning as in the *Corporations Act*.

Constitution means the constitution of the Company.

*Corporations Act* means the *Corporations Act 2001 (Cth)*.

Corporations Regulations means the Corporations Regulations 2001 (Cth).

Director means a director of the Company.

Excluded Person means a member of the Key Management Personnel or a Closely Related Party.

Key Management Personnel means a member of the key management personnel as disclosed in the Remuneration Report.

Listing Rules means the listing rules of ASX.

Meeting means the Annual General Meeting of Shareholders to be held at Level 1, 28 Greenhill Road, Wayville South Australia 5000, on 31 October 2013 at 10.00 am (Adelaide time).

Member or Shareholder means each person registered as the holder of a Share.

Notice means this Notice of Annual General Meeting.

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of Shareholders.

Right means a right to receive a fully paid ordinary share in the Company for each right at no cost.

Resolution means a resolution referred to in this Notice.

Share means a fully paid ordinary share in the capital of the Company.

## Annexure A – Terms And Conditions Of Rights To Be Issued To Directors

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- 1) Each Right will entitle the holder of the Right (Holder) to subscribe for one Share in the Company (subject to possible adjustments referred to in paragraphs 7, 8 and 9 below).
- 2) Each Right will expire on 31 July 2016. Rights will only vest upon the satisfaction of service and share price performance conditions.
- 3) There is no exercise price on vesting.
- 4) Shares issued pursuant to the vesting of the Rights will rank in all respects on equal terms with the existing Shares in the Company.
- 5) The Company will not seek to have the Rights admitted to the official list of ASX and the Rights will not be listed on ASX. The Company will make application for new Shares allotted on vesting of the Rights to be admitted to the official list of ASX.
- 6) Holders of Rights cannot transfer, or use them as security for a loan or deal with them in any other way.
- 7) Rights will not entitle the Holder to participate in any new issue of securities by the Company unless the Right has been duly vested prior to the relevant record date. The Company will ensure that for the purposes of determining entitlements to participate in any new issues of securities to holders of Shares, that the record date will be at least six business days after the date the issue is announced.
- 8) If there is a bonus issue to the holders of Shares, the number of Shares over which the Right is exercisable will be increased by the number of Shares which the Holder would have received if the Rights had been exercised before the record date for the bonus issue.
- 9) If, prior to the expiry date, the issued capital of the Company is reorganised, the number of Shares to which a Holders is entitled on exercise of a Right will be reconstructed as required by the ASX Listing Rules.



Archer Exploration Limited  
ABN 64 123 993 233

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[www.archerexploration.com.au](http://www.archerexploration.com.au)



# Archer Exploration Limited

ABN: 64 123 993 233

### Lodge your vote:



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 738 349  
(outside Australia) +61 3 9415 4649

## Proxy Form

For your vote to be effective it must be received by 10:00 am (Adelaide time) on Tuesday 29 October 2013

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form**

	View your securityholder information, 24 hours a day, 7 days a week:
<b><a href="http://www.investorcentre.com">www.investorcentre.com</a></b>	
<input checked="" type="checkbox"/> Review your securityholding <input checked="" type="checkbox"/> Update your securityholding	<p><b>Your secure access information is:</b></p> <p><b>SRN/HIN: I9999999999</b></p> <p> <b>PLEASE NOTE:</b> For security reasons it is important that you keep your SRN/HIN confidential.</p>

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Archer Exploration Limited hereby appoint

the Chairman of the Meeting **OR**



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Archer Exploration Limited to be held at Level 1, 28 Greenhill Road, Wayville South Australia 5034 on Thursday, 31 October 2013 at 10:00 am (Adelaide time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 1, 3, 4, 5 & 6** (except where I/we have indicated a different voting intention below) even though **Items 1, 3, 4, 5, & 6** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note for Item 3, 4, 5 & 6:** this express authority is also subject to you marking the box in the section below.

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1, 3, 4, 5 & 6** by marking the appropriate box in step 2 below.

**Important for Item 3, 4, 5 & 6:** If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on **Item 3, 4, 5 & 6** below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on **Item 3, 4, 5 & 6**, the Chairman of the Meeting will not cast your votes on **Item 3, 4, 5 & 6** and your votes will not be counted in computing the required majority if a poll is called on this item. The Chairman of the Meeting intends to vote undirected proxies in favour of **Item 3, 4, 5 & 6** of business.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of **Item 3, 4, 5 & 6** and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

## STEP 2 Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Greg English as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Grant of Performance Rights to Managing Director, Gerard Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Grant of Performance Rights to Non-Executive Chairman, Greg English	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Grant of Performance Rights to Non-Executive Director, Tom Phillips	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Grant of Performance Rights to Non-Executive Director, Alice McCleary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## SIGN

### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_