

**ASX Announcement**

24 May 2016

## **Archer and Bowmans Intermodal proposed development of Leigh Creek rail infrastructure**

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### **Highlights**

The HoA covers:

- Mutual cooperation between Archer and Bowmans Intermodal to identify shared infrastructure development opportunities at Leigh Creek.
  - Alignment of infrastructure development strategies should lead to reduced capital costs and lower operating costs.
  - The coordination of activities in the Leigh Creek area.
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Archer Exploration Limited (ASX: "AXE") and Bowmans Intermodal Pty Ltd (Bowmans) have signed a heads of agreement to identify opportunities to jointly progress the development of rail infrastructure at Leigh Creek to support Archer's Leigh Creek Magnesite Project and a possible Bowmans Leigh Creek Intermodal Facility. Bowmans is a joint venture between Toll Group and Balco and AGT.

Archer's Leigh Creek Magnesite Project is located approximately 10km northwest of the Leigh Creek Coalfield and the Company is considering both rail and road transport solutions for the transport of magnesite ore from Leigh Creek. Under the agreement Archer and Bowmans will work together to assess the feasibility of developing and sharing of rail infrastructure at Leigh Creek.

The proposed shared rail facility would be located adjacent to the existing rail loop at the Leigh Creek Coalfield (refer to Figure 1).

The agreement between Archer and Bowmans is designed to enhance project economics and unlock synergies between Archer's Leigh Creek Magnesite Project and Bowmans' proposed Leigh Creek Intermodal Facility.

The ability to align the infrastructure development strategies of both companies should help to facilitate economic growth in the Leigh Creek region as well as lead to reduced capital costs and lower operating costs, especially in relation to the transport of Archer's magnesite ore.



Figure 1: Preferred location of shared infrastructure facility

Commenting on the signing of the agreement, Archer's Chairman, Greg English said:

Under the terms of the agreement Archer and Bowmans will work together to:

- Identify potential shared infrastructure solutions and infrastructure development opportunities in the Leigh Creek Area.
- Develop a budget and schedule for transportation solutions required by Archer to allow the commercialisation of the Leigh Creek Magnesite Project.

"Archer is pleased to have signed the agreement with Bowmans and is looking forward to working together to identify a shared infrastructure solution."

"The work with Bowmans will enable Archer to finalise plans and costs for the ore rail solution and provide Archer with the information it needs to reach a decision on the best ore transport solution for Archer's Leigh Creek Magnesite Project".

"The agreement with Bowmans and the previous cooperation agreement signed with Leigh Creek Energy (refer to ASX announcement dated 30 September 2015) will allow Archer to develop the Leigh Creek magnesite Project in a more timely and costs effective way and meet the aggressive timelines we have set for ourselves".

### **About the Leigh Creek Intermodal Project**

Leigh Creek Intermodal is the proposed development of an intermodal (investment in the construction of hard stand and infrastructure) between the township of Leigh Creek and the mine to service the Cooper Basin Oil & Gas industry with a rail/road alternative to road transport.

Leigh Creek Intermodal will utilise the existing rail infrastructure in Leigh Creek and the Leigh Creek/Port Augusta rail line. Bowmans would operate trains between Adelaide and Bowmans to Leigh Creek and transfer imported and domestic freight that are inputs to the development of the oil and gas fields and operations.

### **About the Leigh Creek Magnesite Project**

The Leigh Creek Magnesite Project is located approximately 20 kilometres northwest of Leigh Creek Township, South Australia and is the world's largest cryptocrystalline magnesite deposit.

Archer has been developing the Project with the results of a recent Project Study (refer to ASX announcement dated 21 March 2016) supporting a simple open pit mining operation, third party processing and the export of high quality caustic calcined magnesia and/or monolithic dead burn magnesia to overseas customers.



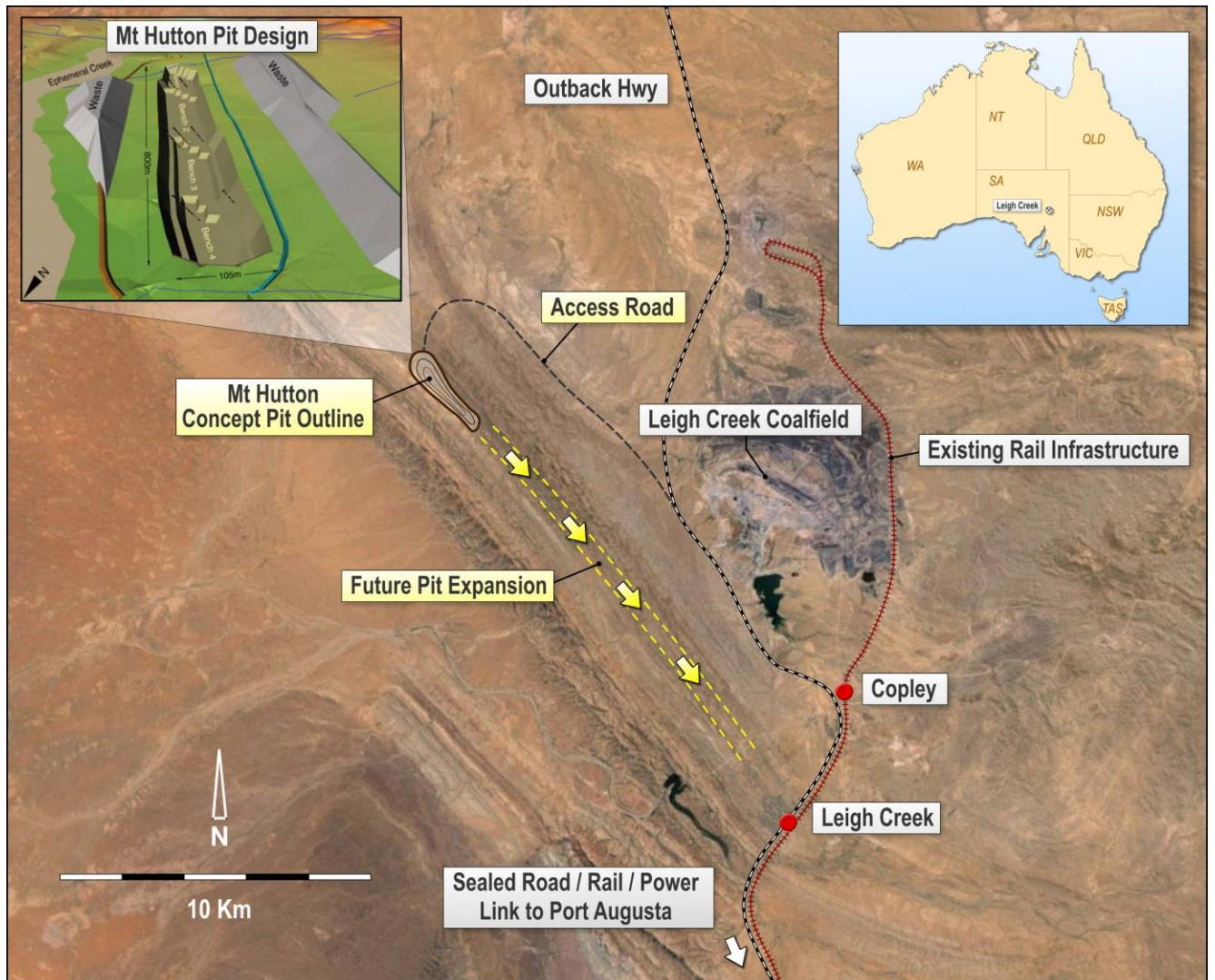


Figure 2: Leigh Creek Magnesite Project conceptual development layout

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Archer Exploration Limited (ASX code AXE) has 100% ownership of 13 tenements all in South Australia covering more than 4,700 km<sup>2</sup>.

## Archer Projects

