Australia's largest graphite resource

ARCHER EXPLORATION LIMITED *ANNUAL REPORT 2015*

ARCHER

Contents

Front cover: Graphene flakes extracted from raw Campoona graphite.

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Competent persons statement: The Archer 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 twenty 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 2012 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.

The information in this report that relates to the Campoona Shaft and Central Campoona JORC 2012 Mineral Resource estimation has been prepared by Mr B Knell who is a Member of the AusIMM and peer reviewed by Dr C Gee who is also a Member of the AusIMM (CP). Mr Knell is a full time employee of Mining Plus Pty Ltd and Dr Gee is a full time employee of Mining Plus Pty Ltd, both have more than five years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Knell has consented in writing to the inclusion in this announcement of the Mineral Resource estimation information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2012.

Forward looking statements: The information in this report is published to inform you about Archer Exploration Limited and its activities. Some statements in this report regarding estimates or future events are forward looking statements. Although Archer Exploration Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results and outcomes will be consistent with these forward-looking statements.

2014 - 2015

- *Campoona ultra-pure graphite suitable for use in lithium ion batteries.*
- *Testing has shown that run of mine Sugarloaf graphite has potential to be an effective fertiliser and soil conditioner.*
- *Sugarloaf provides an opportunity to develop a long life, low capital cost operation on South Australia's Eyre Peninsula.*
- *Mining Lease Proposal lodged for Campoona Graphite Project in May 2015*
- *Progress made in finding off take partners for Archer's graphite.*
- *Results of early mapping of Mount James barite project are promising.*

Letter from Chairman

Greg English
Executive Chairman

Dear Fellow Shareholders,

During the last year we have taken great steps in progressing and de-risking our graphite projects on the Eyre Peninsula. Key highlights include:

- *The production of an ultra-pure grade graphite that is suitable for use in the rapidly growing lithium ion battery market.*
- *The lodging of a mining lease proposal for the Campoona Graphite Project.*
- *Raw Sugarloaf graphite showing potential for use as a soil conditioner, slow release fertiliser and wetting agent.*

Demand for graphite has continued to increase. Further growth is expected as more and more uses are found for graphite and natural graphite starts to replace higher cost synthetic graphite. There is no such thing as "standard graphite", it comes in many different shapes and sizes and the ultimate application will depend on the physical characteristics of each type of graphite. Therefore, whilst investors have tended to focus on large flake graphite projects, this type of graphite is not suitable for all graphite markets.

Archer's business plan is based on producing three distinct graphite products:

- *Ultra-pure graphite suitable for use in lithium ion batteries.*
- *Generic flake graphite.*
- *Early test work by the University of Adelaide shows that raw Sugarloaf graphite may be suitable for use as a fertiliser / soil conditioner.*

Whilst Archer has considerable resources of large flake graphite, our focus has been on developing graphite projects that have a high value rather than producing a lower price generic flake product. To this end, at Campoona we have developed an ultra-high purity graphite that can be used in lithium ion batteries. The lithium ion battery market is set to increase exponentially with the growth in domestic and industrial storage batteries and the rapid worldwide adoption of electric vehicles.

Spherical graphite is manufactured from large flake graphite and is commonly used as an anode in lithium ion batteries. Synthetic spherical graphite is mostly used as the graphite particles are a more consistent and uniform shape than found with natural graphite. However, natural graphite is preferred by battery makers over synthetic graphite as it performs better. Therefore, battery makers are looking for a natural graphite like Campoona that performs as well as spherical synthetic graphite.

Testing by CSIRO showed that Archer's Campoona ultra-pure graphite performs the same, and in some instances better, than commercially available synthetic graphite. Furthermore, the results showed that Campoona's performance could be enhanced by simply micronising and classifying the graphite. The findings by CSIRO are important as it supports the previous test work done by Archer and provides third party independent verification of Archer's test work.

Further testing of Campoona Central and Lacroma graphite showed that these projects can produce graphite similar to Campoona Shaft, meaning that Archer has the potential to supply higher quantities of ultra-pure graphite than originally thought. The project economics were based only on Campoona Shaft and did not include additional ultra-pure graphite from Campoona Central or Lacroma.

At Waddikee, Archer is developing a conventional flake graphite project that will be capable of supplying various sizes and grades of flake product. We have only just scratched the surface at Waddikee, with less than 20% of the known graphite targets having been explored. Archer already has Australia's largest JORC 2012 compliant graphite resources and Waddikee provides the opportunity to greatly expand the Company's graphite resources.

Sugarloaf is a unique form of graphite that has undergone a different level of metamorphosis than the Company's other graphite. The graphite at Sugarloaf also contains numerous minerals such as zinc, copper and manganese and many other trace elements commonly found in fertlisers. The presence of these macro and micro nutrients potentially makes Sugarloaf run of mine graphite suitable for use as a fertiliser / soil conditioner.

Before mining can commence at Campoona and graphite processing at Sugarloaf, Archer needs the grant of a mining lease and associated approvals from the South Australian Government. During the 2014/15 financial year the Company expended a lot of effort in preparing a Mining Lease Proposal (a draft Mining Lease Application) which was submitted to the South Australian Government in May 2015. The Mining Lease Proposal took over 2 years to prepare and was the culmination of many hours of hard work by the Archer team. We expect to lodge the final Mining Lease Application in early October 2015.

The lodging of the Mining Lease Application and subsequent grant of a Mining Lease will be a major achievement for Archer and represents the next step along the path toward production.

In 2016, we have another exciting year ahead of us, both for project delivery at Campoona. Our strategy is to unlock the Company's significant graphite resources in a rising market for graphite demand in Asia and Europe. We have the skills, teamwork and commitment to deliver on our plans, safely, profitable and sustainably.

In terms of other significant initiatives aimed at creating value for all shareholders, the review of our Leigh Creek Magnesite Project has been ongoing. Leigh Creek Magnesite Project is the world's largest crypto-crystalline magnesite project and is a world class asset. The Company is in advanced discussions regarding the possible development of this valuable asset.

For obvious reasons, our focus in 2016 is on securing a mining lease and offtake partners for our Eyre Peninsula Graphite Project and exploring the Company's broader project areas, but we continue to believe in the prospectivity of our other exploration projects. To this end we will undertake exploration and evaluation of our copper, barite and magnesite projects.

Finally, the Board and Management would like to thank all employees for their hard work and shareholders for their ongoing support. With your support, Archer now stands on the threshold of delivering its transformational strategy to develop the Company's extensive graphite resources.

Greg English

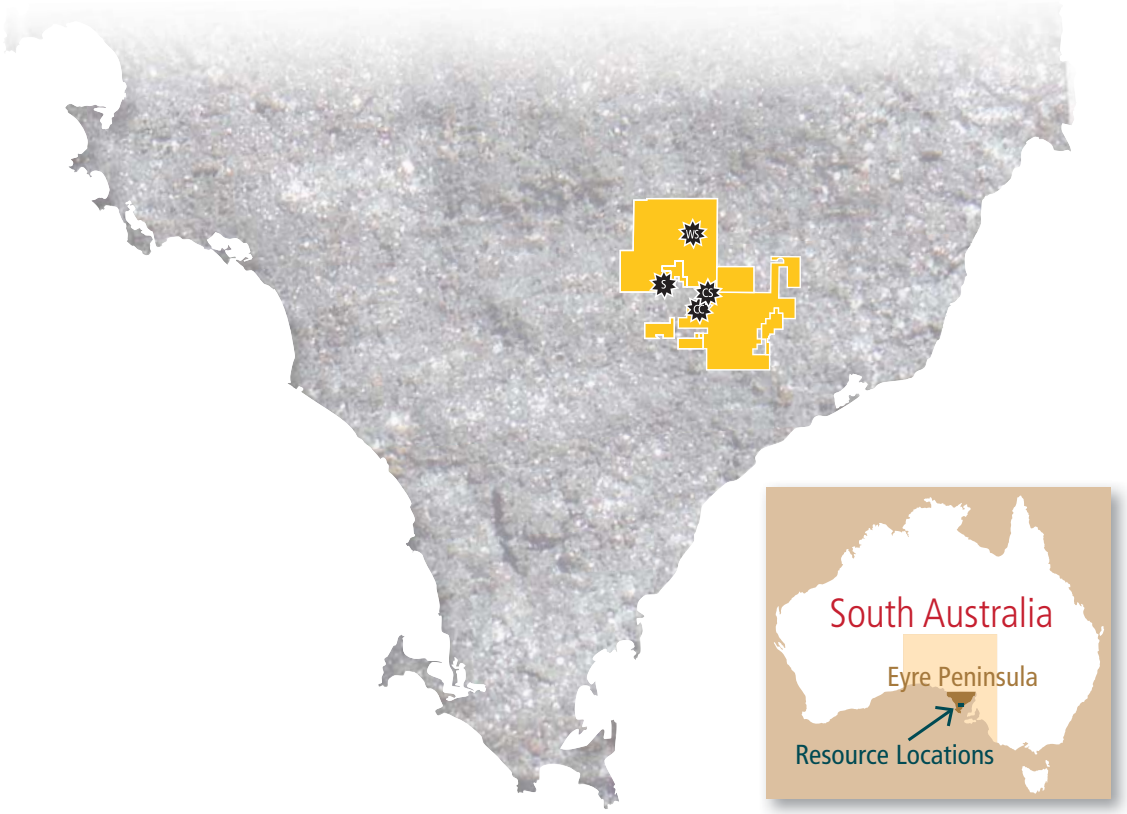
Graphite

Archer's Eyre Peninsula Graphite Project

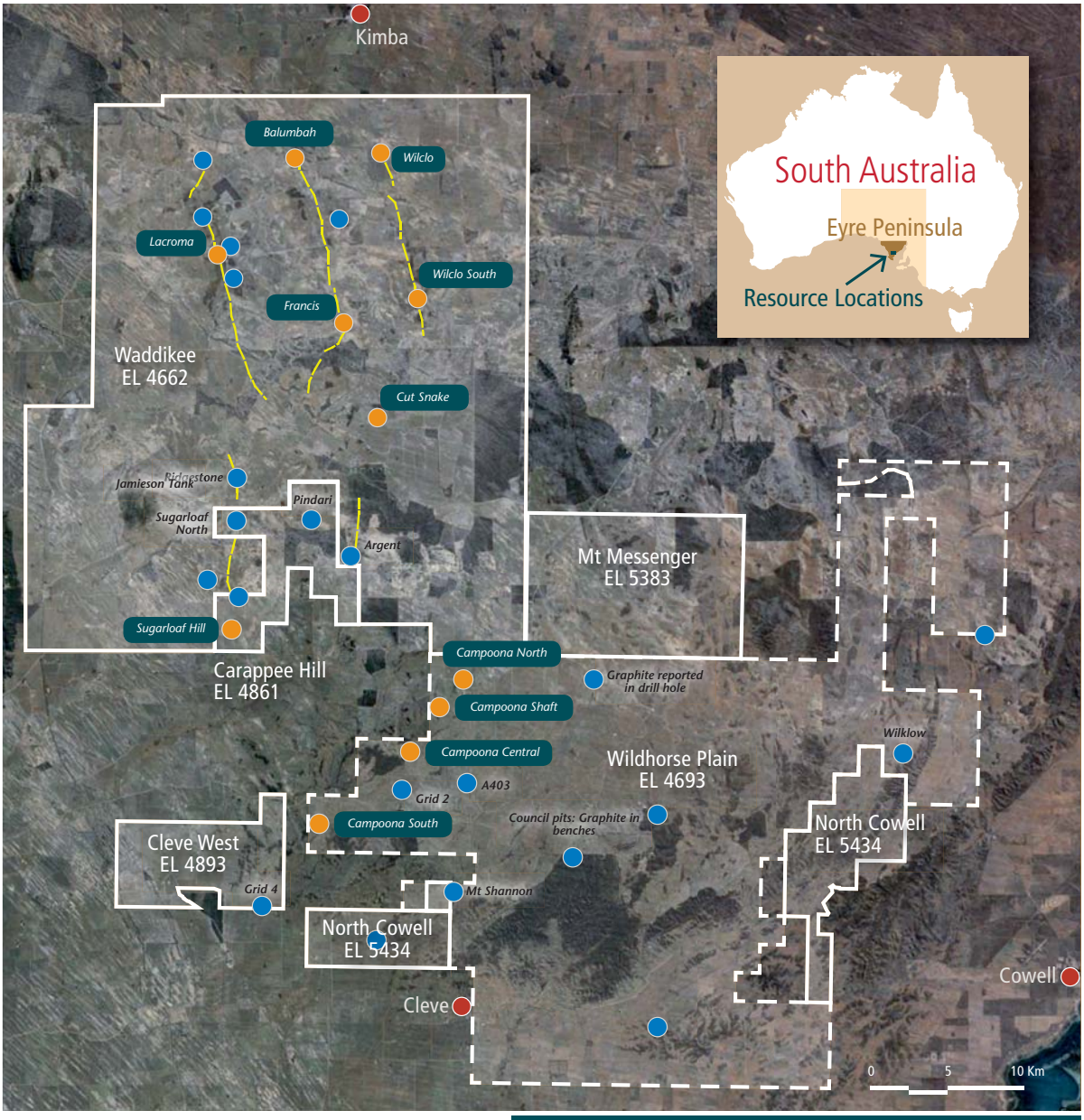
Archer's Eyre Peninsula Graphite Project encompasses seven tenements:

- *EL 4693 Wildhorse Plain*
- *EL 4861 Carappee Hill*
- *EL 5434 North Cowell*
- *EL 5383 Mt Messenger*
- *EL 4673 Mt Shannan*
- *EL 4893 Cleve West*
- *EL 4662 Waddikee*

Total tenement area in excess of 2,000 km². The tenements host four principal graphite deposits, Campoona Shaft, Central Campoona, Wilclo South and Sugarloaf and seven graphite prospects (Argent, Cut-Snake, Wilclo, Balumbah, Francis, Lacroma and Ridgestone).



Archer's Eyre Peninsula Graphite Project



Overview

Archer's priority graphite project is Campoona Shaft. The Company lodged a Draft Mine Lease Proposal (MLP) to government on 14 May 2015. The MLP is for the mining of up to 1.65 million tonnes of graphite ore from the Campoona Shaft graphite deposit and processing the ore on the Company's own land at Sugarloaf near Darke Peak on Eyre Peninsula, South Australia to produce 10,000 tonnes of high purity battery-grade graphite (>98.5% Cg) per year. The Company anticipates gaining all necessary government approvals for the project in Q1/Q2 calendar 2016.

The combined Resources within Campoona Shaft, Central Campoona and Wilclo South form Australia's largest JORC 2012 Resource of 8.55 Mt grading 8.8% Cg for 770,800 tonnes of contained graphite (using a 5% Cg lower cut-off grade).

Waddikee EL4662 hosts the Wilclo South graphite deposit and the Wilclo, Balumbah, Francis, Ridgestone, Cut-Snake, Argent and Lacroma graphite prospects. Wilclo South contains flake graphite (Extra Large, Large, Medium and Fine flake) complimenting the fine crystalline graphite at Campoona.

The fourth graphite deposit of note is the Sugarloaf deposit which with an Exploration Target of 40-70Mt grading 10-12% TC* is by far and away the Company's largest potential graphite resource. Sugarloaf graphite is a unique form of carbon with many attributes that open up the possibility of the graphite being used as a soil conditioning agent in broad acre dryland agricultural applications.

The following sections provide a summary of the 4 principal graphite deposits - Campoona Shaft, Central Campoona, Wilclo South and Sugarloaf.

JORC 2012 Resource

On the 6 August 2014 the Company announced the updated JORC 2012 Resource, shown below.

Global JORC Graphite Resources (5% Cg cut-off)

Area	*Resource Category*	*Tonnes (Mt)*	*Graphitic Carbon %*	*Contained Graphite (t)*
Campoona Shaft	Measured	0.32	12.7	40,600
	Indicated	0.78	8.2	64,000
	Inferred	0.55	8.5	46,800
Central Campoona	Indicated	0.22	12.3	27,100
	Inferred	0.30	10.3	30,900
Wilclo South	Inferred	6.38	8.8	561,400
Total Resource		**8.55**	**9.0**	**770,800**

The combined Resource including Wilclo South represents the largest JORC 2012 Graphite Resource in Australia.

**The potential quantities and grades presented are conceptual in nature, there has been insufficient exploration to define an overall Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

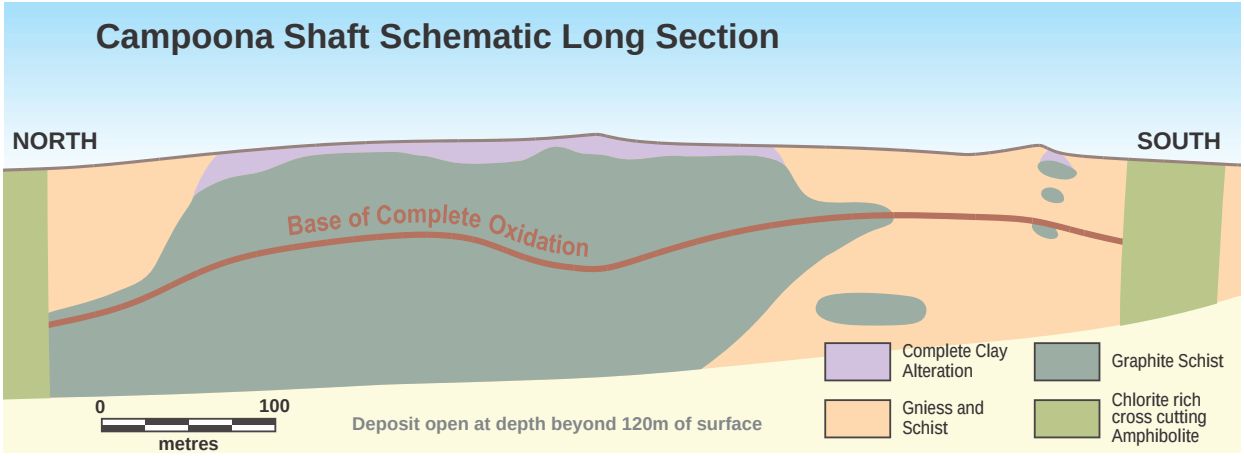
Campoona Shaft

Geology

The Campoona Shaft graphite deposit outcrops along a north east strike and dips steeply to the northwest. The main zone is around 20 m to 50 m thick and the overall vertical depth is at least 80 m to 100 m, with no signs of thinning. The upper 5 m is a highly graphitic weathered zone.

Campoona Shaft deposit extends beyond what is proposed in the Mining Lease Proposal to be mined. The deposit has a strike potential of over 6 km, representing a significant future opportunity, however the early stage nature of the exploration precludes it from mining plans at this point in time.

The highly graphitic zone passes into highly weathered, porous quartz, graphite, kaolin, tourmaline, and may also include iron oxides (goethite and hematite), where all feldspar has been converted to kaolin with or without illite. The graphitic schist becomes more competent with depth; however, strong weathering persists to at least 100 m below ground level (bgl) which is the expected maximum depth of the proposed open pit. Sulphide in the form of pyrite occurs irregularly in trace quantities and the likelihood of encountering potential acid forming material is low.



Campoona Shaft Schematic long section showing main geologic horizons based on the degree of weathering of the host rock unit.

Campoona Shaft Drilling

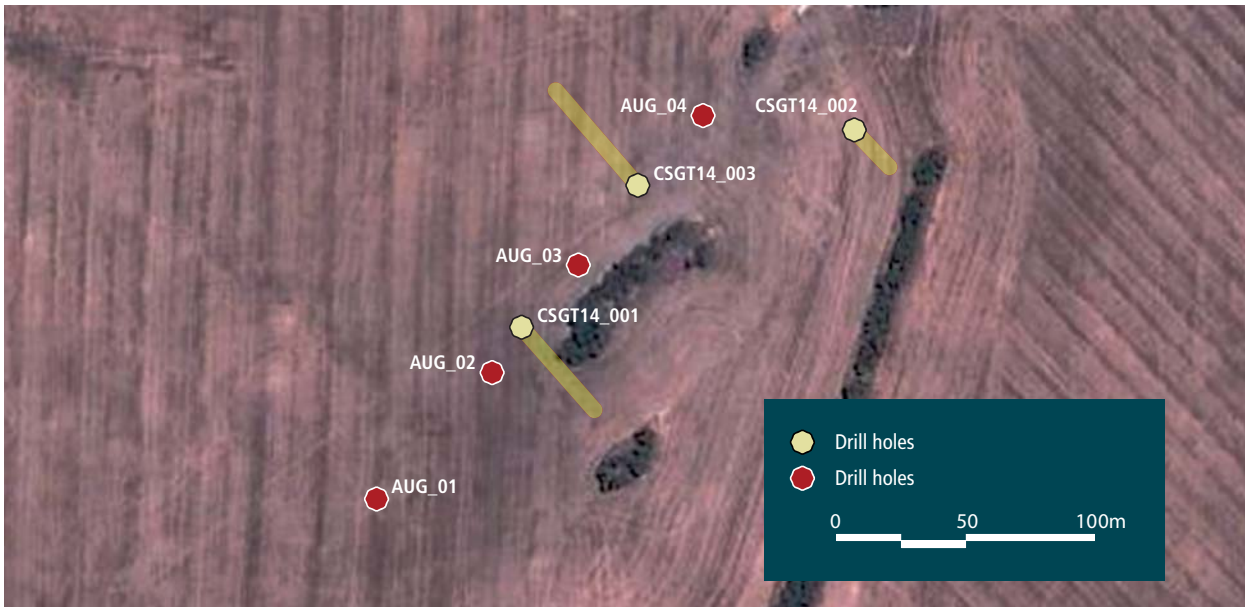
Campoona Shaft has been drilled on a nominal 50m x 20m grid pattern using RC drilling. The RC drilling was complemented by drilling 5 diamond drill holes to recover undisturbed sample for metallurgical evaluation.

Geotechnical diamond drilling was then completed at the Campoona Shaft deposit to enable detailed assessment of the geotechnical characteristics of the deposit and the host granitic proto gneiss. Three diamond holes for 297m were drilled at Campoona Shaft to provide geotechnical data to enable detailed pit design.

Additionally four 22.9cm diameter auger holes were drilled along the strike of the graphite body to a depth of 30m. Approximately 4.5 tonnes of graphite ore was recovered from these holes which was then combined to represent run-of-mine feedstock for the first 5 years of the project's planned mine life. The ore recovered formed the basis of detailed upscale and bulk metallurgical testing.

CSGT14_001 core from 25m

Archer's priority graphite project is Campoona Shaft.



Location of Geotechnical (GT) and Auger (Aug) holes at Campoona Shaft.

Campoona Shaft Metallurgy

Flotation concentrates grading 97.5% - 98.5% Cg have been produced for marketing purposes. Marketing assessment is continuing.

Leaching

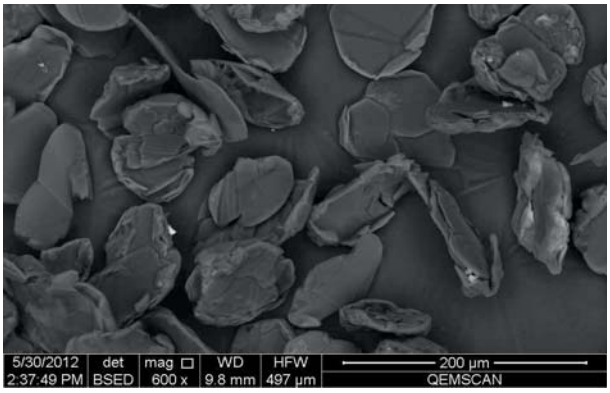
Leaching techniques for increasing the grade of the graphite were developed in-house. Initial trials used varying concentrations of hydrofluoric acid (HF) in line with published research. HF is effective in the dissolution of remnant mineral compounds, especially quartz, which is Campoona's main trace non-graphite mineral in the high purity concentrates.

The successfully cleaned graphite samples were then ashed to determine pre-acid and post-acid cleaning ash content, graphitic carbon and trace element chemistry.

Chemical cleaning methods for bulk float concentrates or flotation-re-cleaned bulk float concentrates can achieve TC% levels of >99.5%. Testing of this concentrate has shown the fine graphite to be well suited for lithium-ion batteries.

Testing confirms Campoona's fine graphite concentrate is well suited for lithium-ion batteries.

CSGT_001 core from 50-51m downhole.



Highly crystalline Campoona Shaft graphite concentrate prior to leaching.

Campoona Acid cleaning

Sample	*Starting Assay*	*Acid-cleaned Assay*
TRIAL – BF-5 combined cons	89.5% TC	97.7% TC
TRIAL – BF-8 combined cons	91.3% TC	99.0% TC
Sample	*Starting Assay*	*Acid-cleaned Assay*
BF-2 Comb. Recleaner Cons	98.1% TC	99.5% TC

Campoona Ashing

Ashing Analyses	*Starting Ash content/ (TC - Total Carbon content)*	*Acid-cleaned Ash Content (TC - Total Carbon content)*
TRIAL - BF-5 combined cons	89.8% TC	98.0% TC
TRIAL - BF-8 combined cons	91.7% TC	98.6% TC
BF-2 Comb. Recleaner Cons	98.8% TC	99.7% TC

Campoona Shaft Mine Lease Proposal Summary

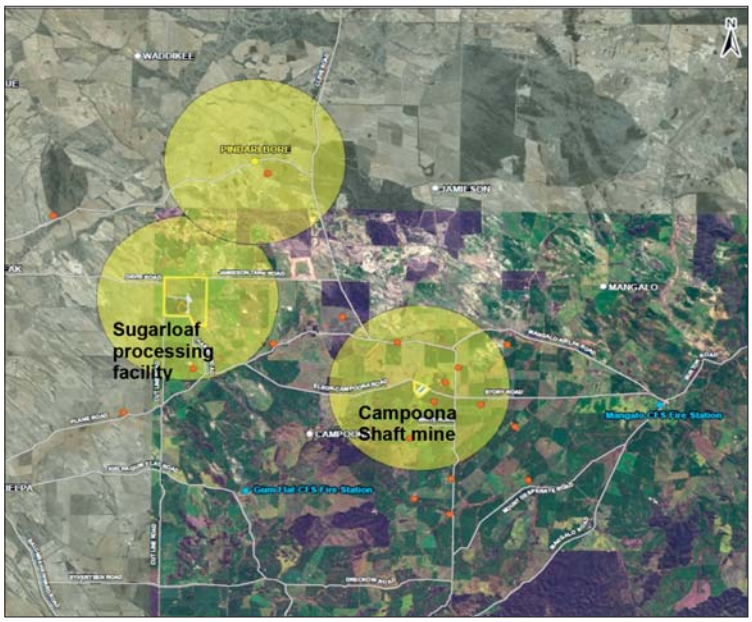
The Draft Campoona Mining Lease Proposal (MLP) was lodged with the Department of State Development (DSD) on 14 May 2015. The MLP covers the mining of the Campoona Shaft graphite deposit and ore processing at the Company's Sugarloaf site located near Darke Peak.

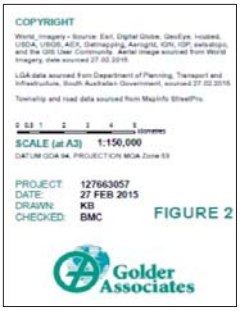
The regulator's review was in progress at year's end. Once the regulator's review has been completed Archer will release the Mining Lease Proposal which will be a public document subject to a formal review process and open for general public comment.

Mining

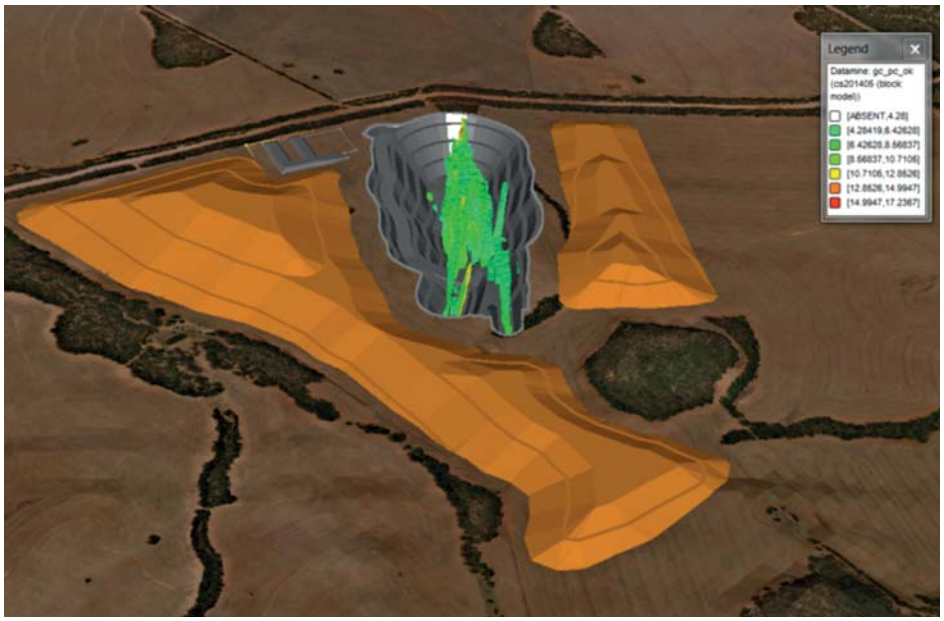
Mining at Campoona Shaft will be via conventional open cut mining methods. Mining will be conducted in campaigns, nominally during autumn and spring. Due to the deep complete oxidation profile of the deposit, mining will be largely free-dig. Operations will be conducted on a day shift-only basis, nominally 7am – 7pm, Monday to Saturday. 1.65 million tonnes of graphite will be mined over approximately 14 years.

The mining campaigns will extend until such time as sufficient graphite has been stockpiled to ensure continuous feed stocks for the Sugarloaf processing facility. Stockpiled graphite will be trucked to the Sugarloaf processing facility located 15 kms west of the mine site.





Location of the Campoona Shaft mine, Sugarloaf processing facility and Pindari borefield.



Isometric view looking north of the Campoona Shaft open pit mine showing the steep, westerly dipping graphite orebody as a grade block model within the pit. Open pit is shown in grey, and waste rock storage facilities (WRSF) shown in yellow. The pit contains 1,650,000 tonnes of ROM graphite.

Processing Facility

The graphite processing and manufacturing facility will be built on Company-owned land at Sugarloaf. The processing facility and associated infrastructure will be covered by a Miscellaneous Purpose Licence.

Stockpiled and blended ore averaging around 10% graphitic carbon is reclaimed via tyred loader and fed through a toothed-roll crusher. After crushing, water is added to make a slurry (water and rock watery paste) consisting of graphite, kaolin (clay) and quartz.

The ore slurry is pumped to a screen for trash removal directed as feed to the flotation and milling process sections.

Multi-stage flotation and two-stage milling are applied to recover the graphite into a concentrate slurry. Gangue material (predominantly quartz and kaolin) are separated and sent to tails as a slurry.

Small dosages of kerosene, diesel and long-chain alcohol are used to improve the grade and recovery of graphite in the flotation process.

Flotation concentrate is dewatered and washed via sedimentation thickeners before transfer to the leaching section.

The tails are also thickened and mixed with the waste streams from leaching before transfer to storage.

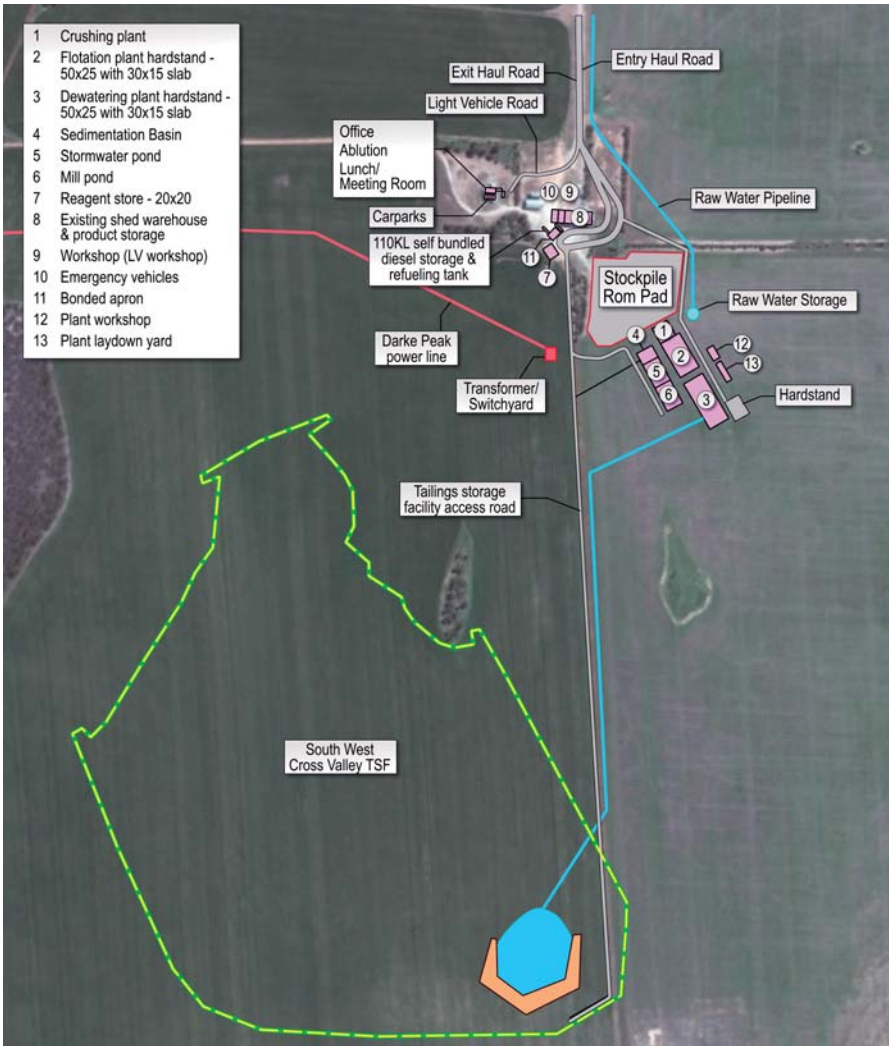
The value of the graphite concentrate is enhanced by raising the grade from about 93% to 99% carbon via leaching. Leaching with diluted solution of hydrofluoric acid is conducted in a cascade of agitated tanks. Vent gases are captured and neutralized with lime or limestone along with the liquid waste from leaching before mixing with flotation tails slurry.

Leached concentrate is dewatered and washed in a solid-bowl centrifuge. Final concentrate is stored in a large agitated tank before drying and packaging to customer requirements.

The product will then be trucked to Port Adelaide for storage awaiting export.

Power

The proposed Sugarloaf processing facility will require 0.8MW of electricity. Electricity will be delivered to the Sugarloaf site by extending the existing 11kV power line 4.75 kms from the Darke Peak water treatment facility to Sugarloaf.



Sugarloaf site layout

Community

Archer has been operating in the Cleve District for several years and over that time has developed good working relationships with the vast majority of landholders. This has enabled the Company to access multiple properties to conduct exploration including drilling. At Campoona Shaft, exploration activities included the drill out of the graphite deposit to JORC 2012 Resource standard, bulk sampling via auger drilling, geotechnical drilling, flora and fauna studies and several other studies asso ciated with defining the aspects and impacts of the proposed mining operation.

Archer is committed to being a valued member of the Eyre Peninsula community and has consulted widely with the local communities since 2011 in a variety of ways. A Community Consultative Committee (CCC) was established in 2013. The CCC membership includes representatives of most sections of the community and a representative from Archer. The CCC meet bi-monthly or as otherwise agreed to discuss the numerous technical, environmental and social studies undertaken through the development of the mining proposal and to receive feedback and incorporate community expectations back into Project plans. Newsletters providing Project updates are sent to every residence in the wider community to coincide with each CCC meeting and updates are provided to the Eyre Peninsula Tribune newspaper.

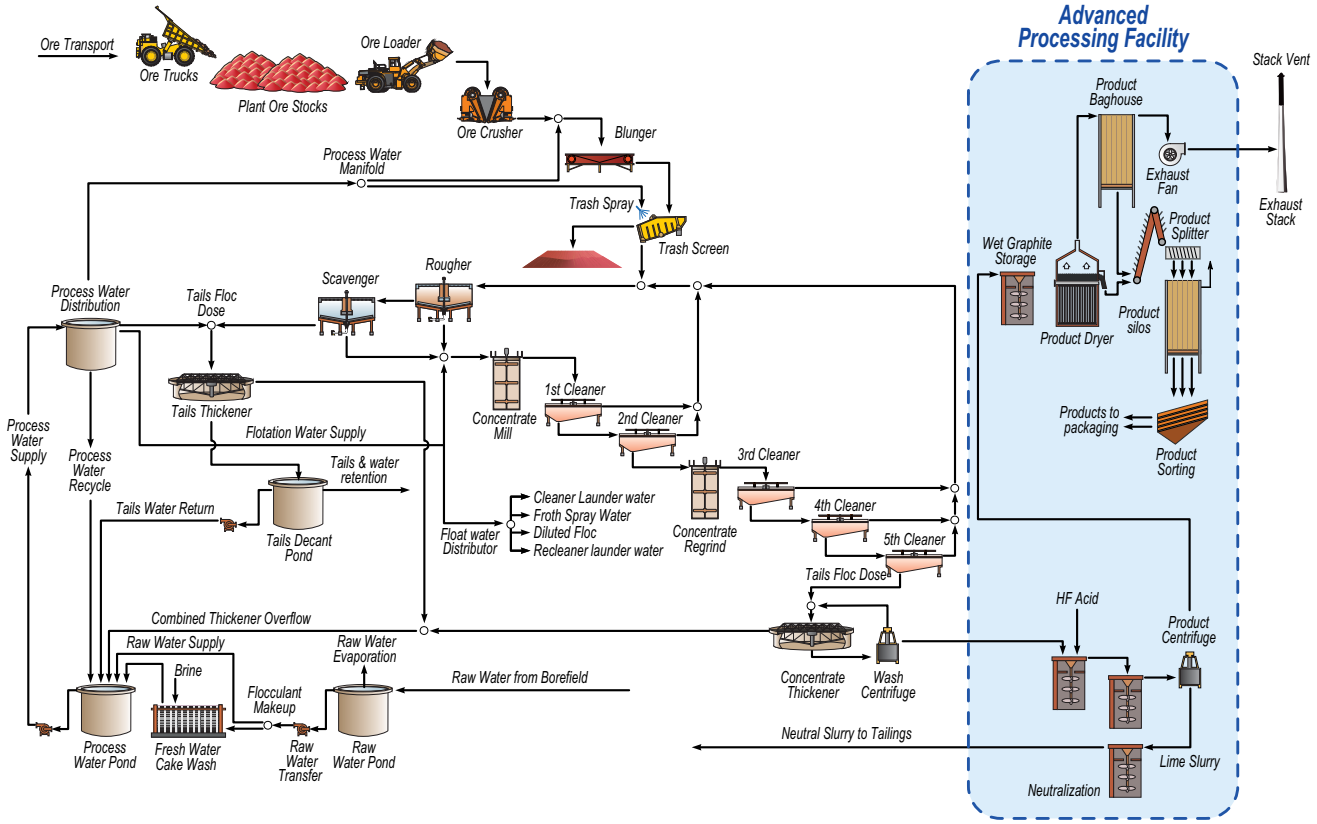
Community liaison also included a focus group meeting to set the context of the Project, attendance at the Cleve and Eyre Peninsula Field Days, a Community Open Day, presentations to the Cleve Council and on-line listing of technical reports that make up the MLP when completed.

Operating Philosophy

The Campoona Graphite Project will be operated on a residential basis. Archer plans to source workers locally. The Company will buy locally and source services locally where ever it makes commercial sense to do so.

Mining at Campoona Shaft will use a contractor to undertake the operations with up to 20 mining personnel required during each campaign. The Sugarloaf processing facility will employ up to 22 full-time (FTE) staff and process operators over the life of the Project. It is expected that a multiplier of around 2-3 jobs for every FTE position will mean around an additional 135 positions will be created by service providers to the operation.

Process flow diagram



Supporting Studies

The Draft Mining Lease Proposal provided a comprehensive and detailed description of environmental, social and economic risks and benefits of the proposed operation so that stakeholders and Department of State Development (DSD) may make an informed, risk-based and balanced judgment about the proposed operation. This documentation is the key basis for DSD's assessment of the lease or licence application. The table below outlines the studies and activities undertaken in support of the Mining Lease Proposal.

Campoona Mine Lease Proposal

Task	Work Undertaken	Work in Progress
Ecology	Spring & Winter baseline surveys Impact assessment	✓ Completed ✓ Completed
Air quality	Project reviewed & GAP analysis	✓ Completed
Hydrogeology	Desktop study completed	✓ Completed
Geochemistry	Report completed	✓ Completed
Socio-Economic & Community Consultation	Stakeholder engagement plan Community newsletters Bi-Monthly CCC meetings	✓ 7 x bi-monthly newsletters ✓ 9 x CCC Meetings completed ✓ Community open day
Surface Water	Desktop study	✓ Completed
Visual Amenity	Fieldwork completed	✓ Completed
Tailings Management	Tailings workshop Tailings Design and Report	✓ Tailings Option Assessment ✓ Completed
Mine Plan	Detailed mine design & schedule	✓ Completed
Mine Closure Plan	Information review & gap analysis	✓ Completed
MLP & PEPR	MLP PEPR	✓ Draft MLP lodged 14thMay 2015 PEPR finalisation awaiting feedback on draft MLP
Regular Liaison	Meetings with government stakeholders undertaken	✓ Regular meetings
Permitting Review	Permit Register completed	✓ Completed
Cultural Heritage	Desktop cultural heritage study	✓ Completed
Noise	Review of project project and gap analysis	✓ Completed
Traffic	Desktop traffic study	✓ Completed

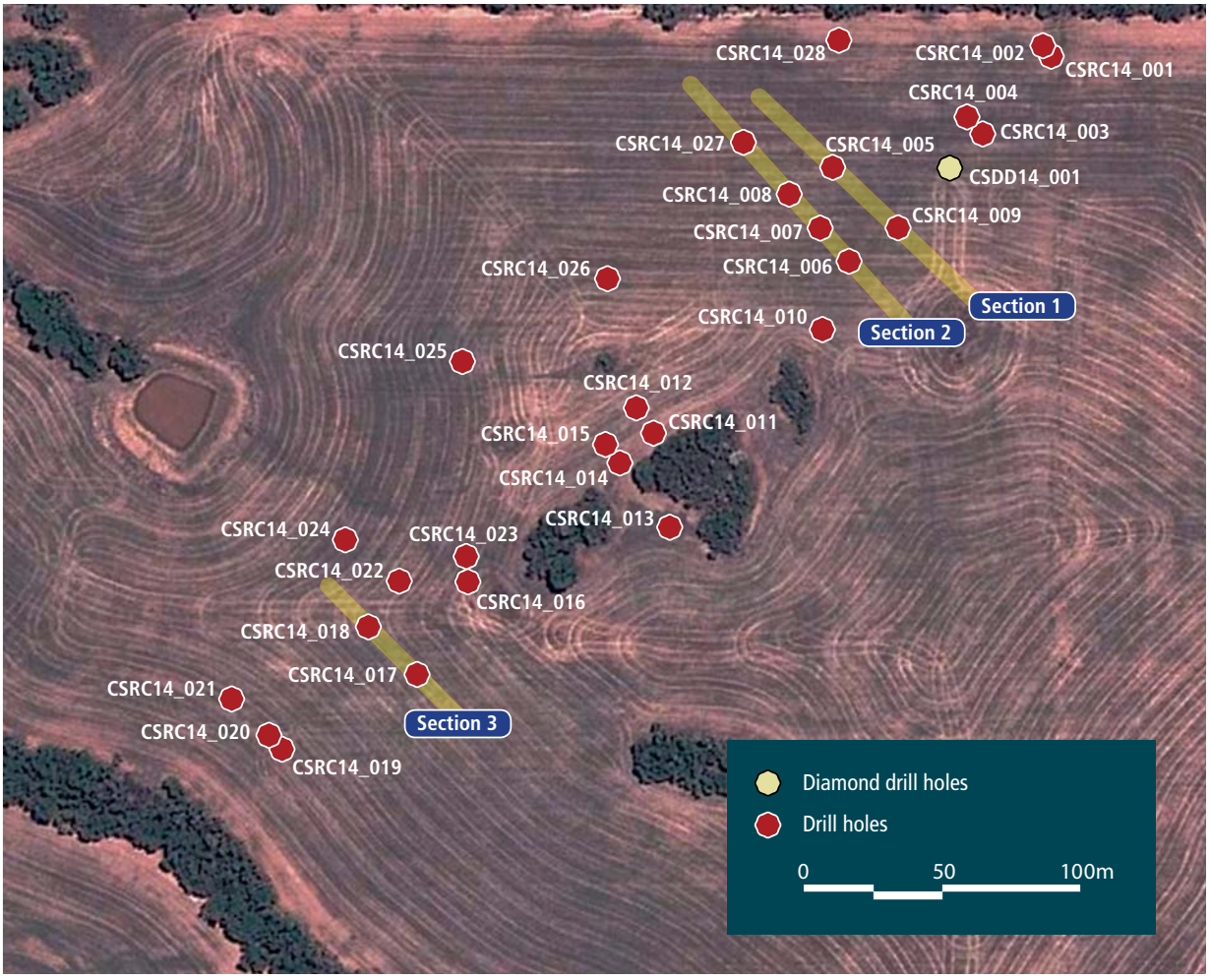
Central Campoona

Central Campoona Resources

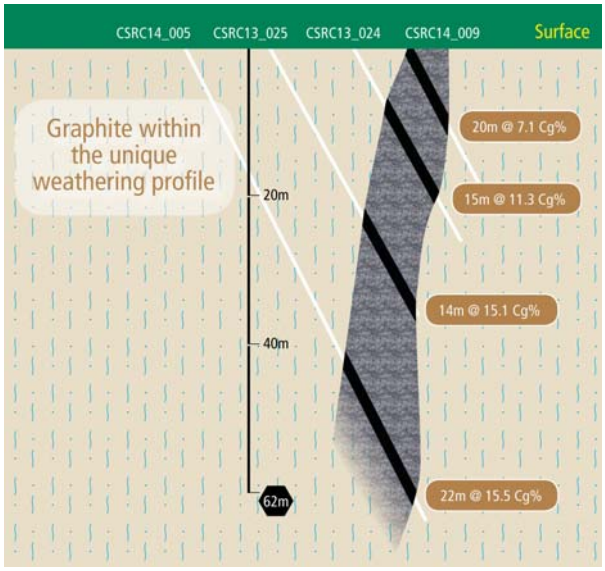
The Central Campoona resource was initially updated and reported on the 18th February 2014, subsequent to this a total of 28 Reverse Circulation (RC) holes (1,447m) were drilled in early 2014. The purpose of the holes was to provide additional geological data and assay data to improve the estimation confidence which has resulted in the current JORC 2012 Graphite Resources.

One diamond hole (60m) was also completed during the program at Campoona Central for the purpose of collecting metallurgical samples.

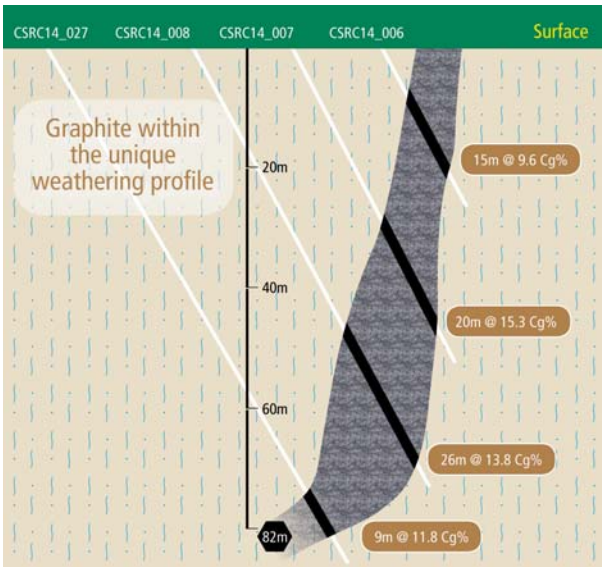
A plan view of drill hole locations is presented below, along with some of the sections being reported (Sections 1 to 3 on the following page).



Central Campoona drill layout.



Section 1: Central Campoona.

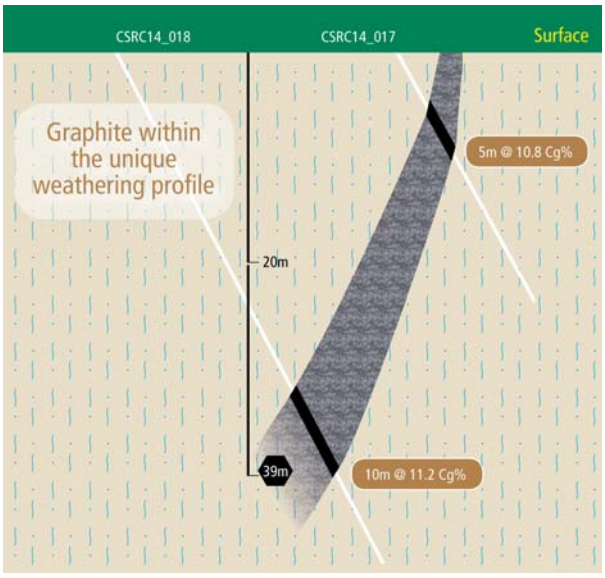


Section 2: Central Campoona.

The Central Campoona and Campoona Shaft graphite deposits are faulted off-sets of the same graphite horizon that strikes north easterly and dips steeply to the northwest. At Central Campoona the graphite is 10 m to 15m thick and the overall vertical depth is at least 80 m to 100 m.

Central Campoona differs from Campoona Shaft in that the upper clay-rich section of the deposit has been stripped off due to weathering.

Central Campoona drill intervals above 10%Cg (graphitic carbon) are presented below.



Section 3: Central Campoona.

Central Campoona drill intervals above 10%Cg (graphitic carbon)

Area	*Depth from*	*Depth to*	*Interval (m)*	*Cg (%)*
CSRC14_004	1	19	18	11.1
CSRC14_005	52	69	17	16.7
CSRC14_006	16	24	8	11.5
CSRC14_007	32	58	26	12.4
CSRC14_008	54	84	30	12.7
CSRC14_009	1	11	10	11.3
CSRC14_018	35	42	7	13.7
CSRC14_021	52	81	29	11.3
CSRC14_022	52	81	29	11.5
CSRC14_024	111	119	8	11.7
CSRC14_026	80	97	17	12.2
CSRC14_027	88	97	9	11.8
CSRC14_028	85	116	31	12.8
CCDD14_01	0	11	44	10.6

At Central Campoona the graphite is 10 m to 15m thick and the overall vertical depth is at least 80 m to 100 m.

Wilclo South

Waddikee EL4662

On 23 July 2014, Archer announced the completion of the purchase of the Waddikee tenement (EL 4662) from Monax Mining Ltd. The purchase included the Wilclo South Deposit, a JORC 2012 Inferred Resource of 6.38 million tonnes grading 8.8% Cg (using a 5% Cg lower cut-off grade) for over 561,000 tonnes of contained graphite in Resource.

Waddikee EL4662 is located between the townships of Cleve and Kimba on central Eyre Peninsula (below). The 999km2 tenement is situated immediately north of Archer's main graphite interests on EL4693 Wildhorse Plain. Waddikee is also highly prospective for graphite, manganese, iron (magnetite and hematite), gold, base metals (Ag-Pb-Zn-Cu) and uranium.

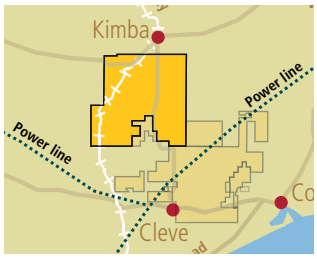
Waddikee has a number of graphite deposits and prospects that have been evaluated using combinations of geophysics (airborne magnetic and electromagnetic surveys) rock chip sampling, detailed petrology and drilling.

Rock chip sampling by Monax returned high grade graphite at the Argent, Wilclo, Cut Snake, Balumbah and Lacroma prospects.

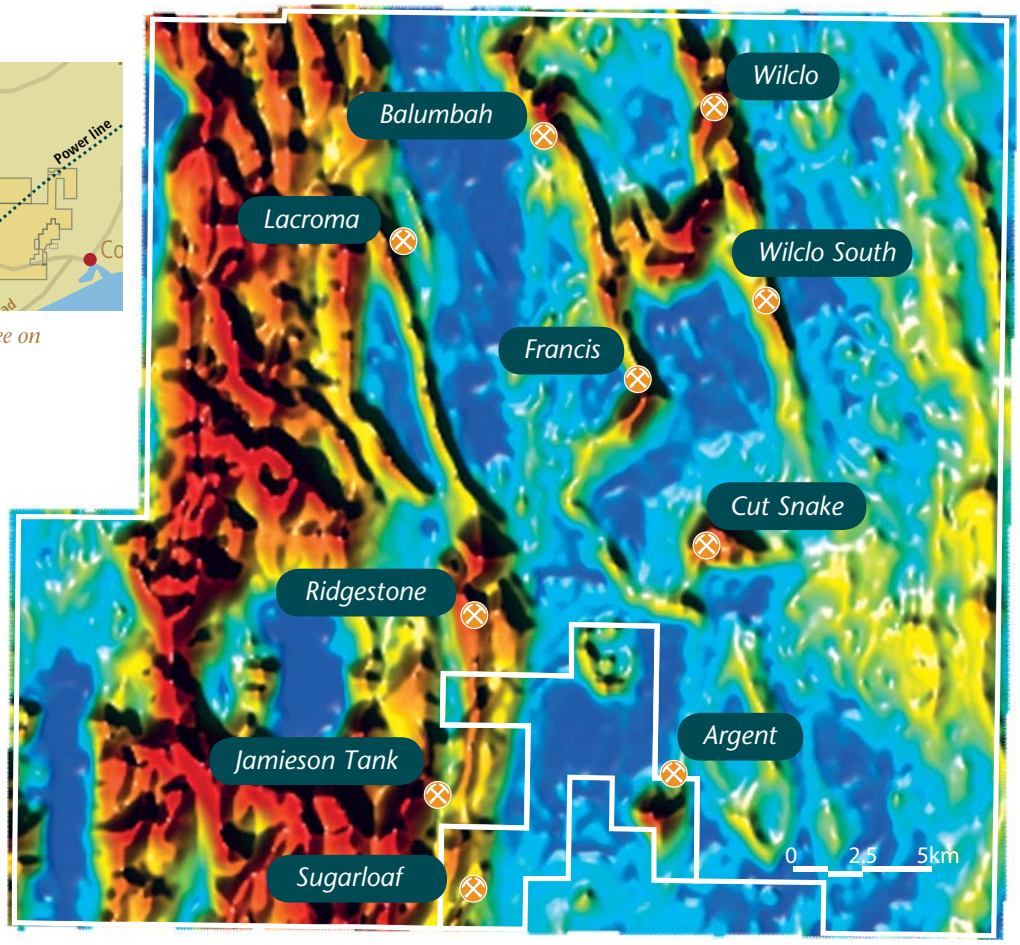
Petrology from several samples showed the presence of large and jumbo flake graphite at the Argent, Balumbah and Cut Snake prospects.

The graphite morphology at Waddikee contrasts to that at Campoona. Graphite at Waddikee is:

- Clearly coarser than at Campoona with flake graphite mostly exceeding 200µm with some flake exceeding 500µm.
- Flake graphite occurs as individual coarse flakes, as aggregates of flakes and as massive graphite aggregates.
- Apart from flake graphite also occurs as finer ragged flake aggregates of various sizes.

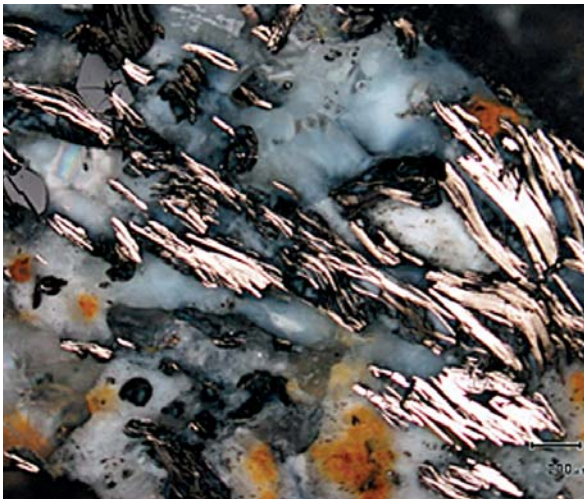


Location of Waddikee on the Eyre Peninsula.



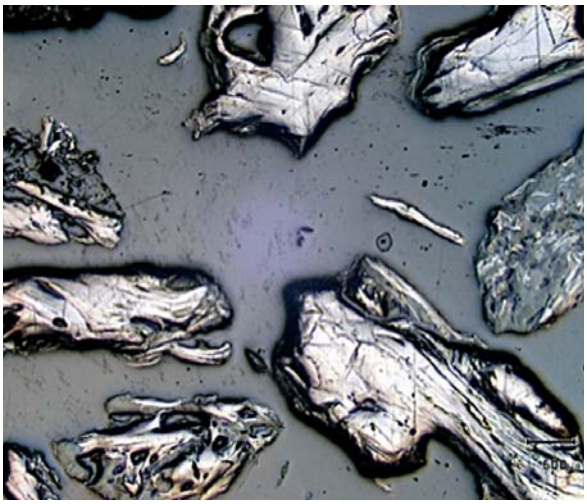
Electromagnetic image of EL4662 showing main graphite deposits.

The Waddikee rock chip sampling and detailed petrology has been supported by airborne magnetic and electromagnetic (AEM) data that showed that each of the graphite prospects was located within areas of linear conductive features.



Sample 28736 Hole WG103, 33- 34m. (PPL), (Xnic). Schistose graphite within metamorphic mosaic of white ghost-like clays ex-felspar (± minor micas). Accessory interstitial quartz.

Sample 28731, Hole WG091, 44-46m Composite particle with 35% graphite in a host rock of yellow iron-stained clay, minor white clay and quartz.



Sample 28731, Hole WG091 44-46m. Example of four liberated graphite particles, and three composite together with small areas of silicate host rock. Note bar scale 500µm.

Sample 28727, Hole WG090, 74-75m. Large liberated flake, (x20), scale bar 500µm.

Sample 28718, Hole WG044, 73-74m. (PPL), (Xnic). Graphite scattered as individuals and composites, all enclosed within ochreous-red ferruginised ex-felspars and local micas.

Flake aggregates from RC drill hole WG041 (98-99m)

Wilclo South 2012 JORC Inferred Resource

In February 2013, Monax completed 77 reverse circulation drill holes for 7,307 metres over 1.4km of the Wilclo South graphite prospect. The drilling identified multiple shallow dipping graphite horizons.

On the 26 August 2013, Monax announced a Maiden total combined JORC 2012 Inferred Resource of 6.38 million tonnes grading 8.8% Cg (approximately 550,000 of contained graphite) at a lower cut-off grade of 5% Cg.

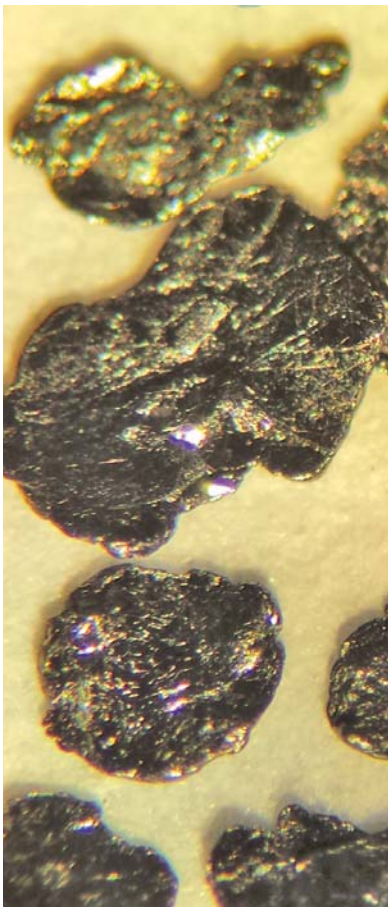
Drilling was conducted on a combination of 200 metre, 100 metre and 75 metre line spacings. All resources at Wilclo South are classified Inferred.

Wilclo South currently contains over 560,000 tonnes of graphite. The deposit is open to both the north and south. It is reasonable to expect that additional drilling at Wilclo South will increase the graphite inventory.

Wilclo South Inferred Mineral Resources (>5% Cg cut-off)*

Fault Zone	*Oxidation State*	*Tonnage (Mt)*	*Cg (%)*	*Density (t/m³)*
Upper Block	Oxide	1.02	8.4	2.3
	Fresh	2.67	8.7	2.3
Middle Block	Oxide	0.36	8.2	2.1
	Fresh	1.72	9.5	2.1
Lower Block	Oxide	0.25	7.9	2.1
	Fresh	0.36	9.1	2.1
Subtotals	Oxide	1.63	8.3	2.2
	Fresh	4.74	9.0	2.2
Total Inferred (no cut-off)		6.38	8.8	2.2

**This information was prepared and first disclosed under the JORC Code 2004 (Monax Mining Limited, ASX Announcement 26 August 2013). It has not been updated since on the basis that the information has not materially changed since it was last reported.*



>425µm (+32 mesh) Extra Large - Jumbo Flake

Wilclo South and Francis Indicative Flake Distribution

Sample was collected from selected drill holes at Wilclo South and Francis. Metallurgical testing used conventional flotation and tabling to produce a full range of flake graphite (see table below). Approximately 50% of graphite reported as flake.

Graphite size (µm)	*Grade (% Cg)*	*Graphite distribution in flake product*
Extra large flake +425µm	*92.2*	*5%*
Extra large flake +300µm	*91.6*	*10%*
Large flake +180µm	*91.8*	*29%*
Fine & Medium flake +75µm	*92.3*	*56%*

Other Waddikee Prospects

Exploration has been limited to rock chip sampling, some petrological work and limited scout drilling. The airborne EM data suggests that there are several tens of kilometres of prospective linear conductors that remain to be drill tested.

Sugarloaf Graphite Deposit

Geology and Exploration Summary

Graphite was historically mined from two shafts at Sugarloaf, which is located on EL 4861 on Eyre Peninsula. Government reports state mining ceased before 1915.

In 2008, Archer intersected a number of highly graphitic intervals during drilling. A number of these intervals were assayed to identify potentially economic intervals of graphite. Values of up to 20% total carbon were identified.

The Carappee Hill area had been explored previously by both Helix and Goldstream for gold. An evaluation of their drilling identified that 23 of the 41 drill holes drilled had intersected significant graphite intervals. None of these holes were assayed for total carbon.

Samples of graphite from the shafts were sent for detailed petrological work which identified the carbon present in the samples to be graphite with an average grain size of 100µm, with flakes ranging from 20µm to 200µm in length. Most flakes were independently arranged in the matrix. Some graphite flakes were arranged in 'booklets' up to 50µm in width.

Exploration Target

Archer initially reported wide intersections of graphitic schist at Sugarloaf. Drilling in April 2011 supported an exploration target of highly graphitic schist of 24-37Mt*at 10-12%C for the western graphite horizon.

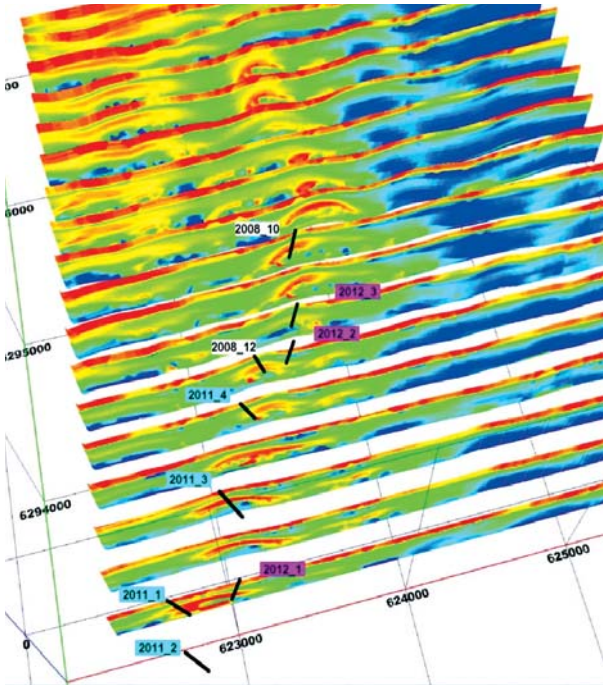
Due to the paucity of assay results Archer was reluctant to ascribe a grade range for the graphitic schist. The April 2011 drilling when combined with the 4 holes assayed in 2009 was considered sufficient in terms of assayed intervals to enable an indicative estimate of grade for the exploration target of 10.9% Total Carbon (sample size n=319). The expected grade bounds for the graphite were estimated at between 10-12% Total Carbon.

Drilling in February 2012 intersected widespread graphite in what is termed the eastern graphite horizon representing the eastern limb of a broad anticline. Based on this drilling the exploration target has been revised to 40-70Mt* at 10-12%C.

* These potential quantities and grades ranges are conceptual in nature, there has been insufficient exploration to define an overall Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource

Three RC holes (SLRC12_001, 002 and 003) were drilled on the eastern side of the Sugarloaf Hill confirming the presence of an eastern graphite limb to the Sugarloaf anticline as indicated by EM data (refer to Figures below) and two historic shafts.

Location of all Archer holes drilled at Sugarloaf.



Stacked EM sections showing graphite horizon at Sugarloaf (NB EM data has component of vertical exaggeration to show fold).

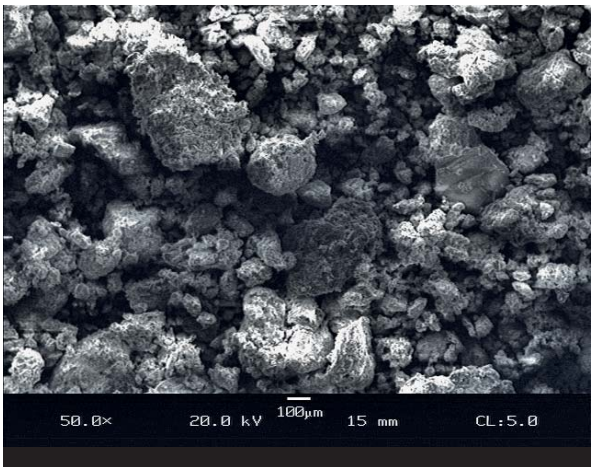
Sugarloaf graphite – a unique form of carbon

Whilst Sugarloaf was originally regarded and historically mined as a graphite deposit, comprehensive testing by Archer has shown that Sugarloaf is not a typical crystalline graphite deposit but a carbon that can be readily processed to produce graphene and has many attributes that make it potentially suitable as a soil conditioner/fertilizer.

One possible explanation is that the carbon is effectively 'immature' graphite in that the metamorphic conditions did not reach conditions needed to form crystalline graphite.

The morphology of the Sugarloaf graphite, its heterogeneous distribution and distinct physical characteristics suggests that the initial source of carbon and the subsequent metamorphic conditions (lower confining pressures and temperatures) were insufficient to form highly crystalline graphite such as occurs at the Company's nearby Campoona and Wilclo South graphite deposits.

It was the revelation that Sugarloaf had unique and unusual properties and that the carbon could present tremendous business opportunities that prompted the current research.



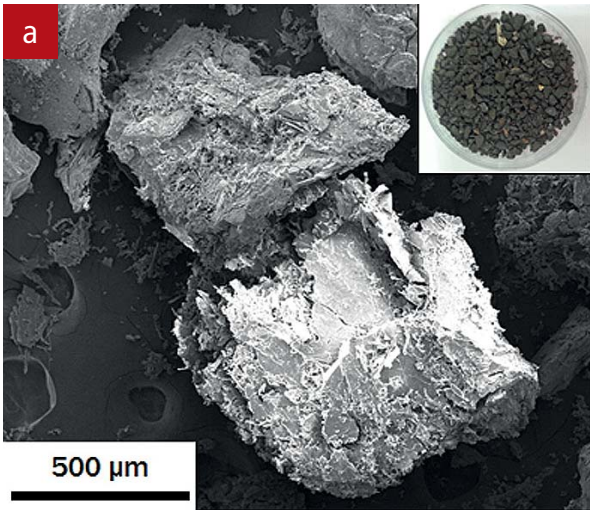
Sugarloaf carbon showing matted porous texture.

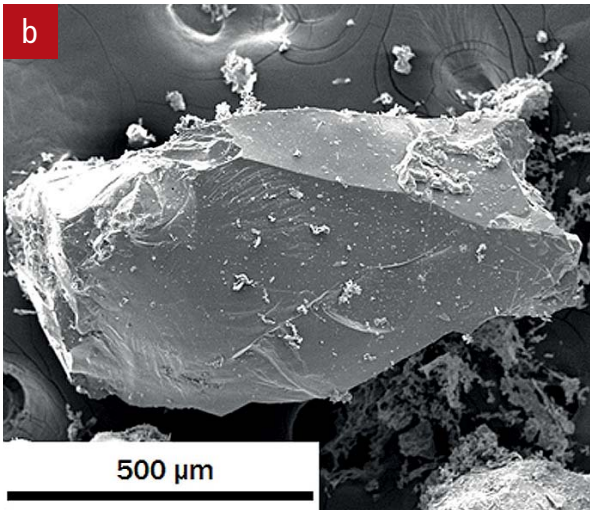
Morphology and chemical composition

Testing by the University of Adelaide has shown Sugarloaf graphite to be a unique material because of its broad composition of carbon, silica, and soluble macro and micro nutrients. Testing so far has identified 9 out of 13 elements required as nutrients for plant growth - potassium (K), phosphorus (P), magnesium (Mg), and iron (Fe), copper (Cu), zinc (Zn), manganese (Mn), boron (B), and calcium (Ca).

Sugarloaf graphite was supplied in its raw state (without purification) for testing as fertiliser-based materials. The SEM images below show the morphology of the Sugarloaf graphite, its chemical composition, and potential availability as nutrients for plant growth are presented in the tables.

Compared to commercial micronutrient fertilizers, raw Sugarloaf graphite naturally contains a range of macro and micro mineral nutrients that could be utilised for agricultural purposes.





c

Element	*Percentage (%)*
Carbon, C	16 ± 1
Quartz, SiO_2	57 ± 3
Other elements	16 ± 1 (including Al, Mg, Na, Cu, K, Ca, Zn, Mn, P, Co, Ti, B, N, O, S, etc)

d

Nutrient	*Element*
Macro	K (primary p (primary) Mg (secondary)
Micro	Fe, Cu, Zn, Mn, B, Ca

a-b) SEM images of raw Sugarloaf graphite (-3.35 mm). Inset (a) is a photograph of the raw Sugarloaf graphite.

c) chemical composition of graphite detected thus far.

d) elements in graphite that can be considered as macro and micronutrients for plant growth.

Sugarloaf graphite in the form of mixed compounds and pellets as fertilizers-based materials

The following test work was conducted by the University of Adelaide:

1) Raw Sugarloaf graphite supplied in the form of rocks were mixed and coated with ZnO, graphene (or GO), and ammonium sulphate in order to enhance the release of trace zinc in the Sugarloaf graphite (Figure 15a, d).

2) Raw Sugarloaf graphite rocks were milled and sieved to less than 250 µm in size, mixed and coated with ZnO, graphene (or GO), and ammonium sulphate, then pressed in a large disc and cut into small size pellets (Figure 15b, c).

3) Raw Sugarloaf graphite was powdered and pelletised.

No significant differences were noted in the release of nutrients between the Sugarloaf that was treated with GO and ZnO (paragraphs 1 and 2 above) and the untreated graphite (paragraph 3), opening the opportunity for run-of-mine graphite to be suitable for a fertilizer and soil conditioner.

Nutrient release performance of Sugarloaf graphite

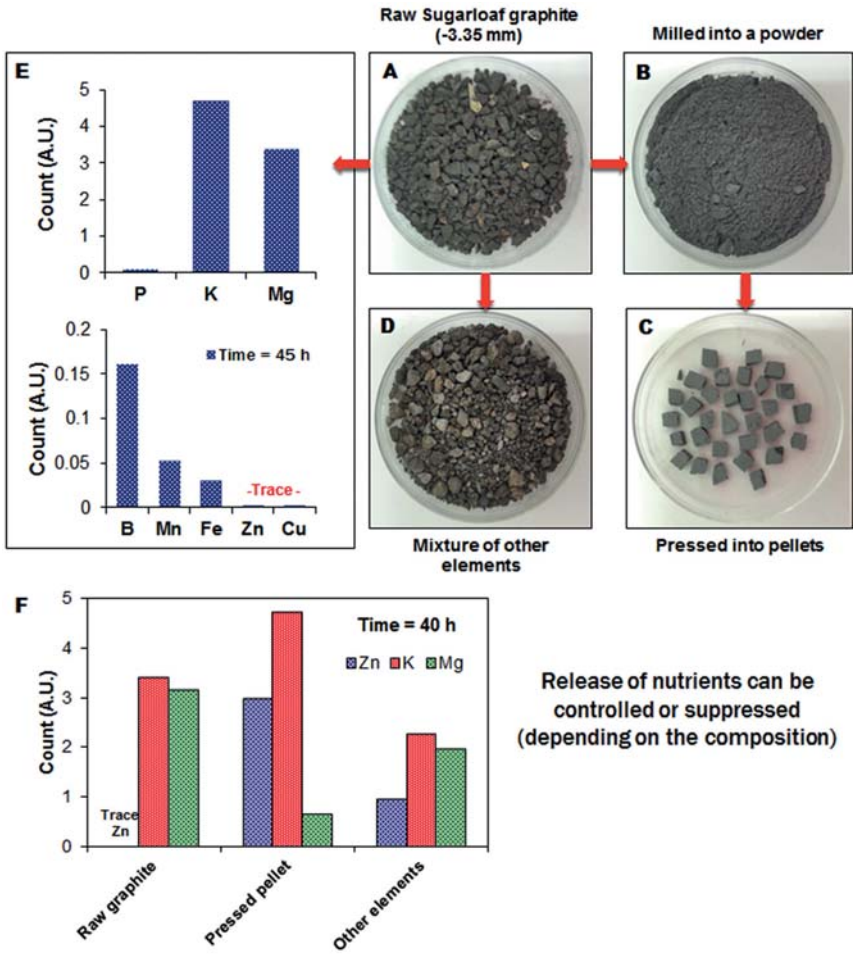
The release of the elements in the raw Sugarloaf graphite was examined using standard column leaching experiments carried out with calcium chloride ($CaCl_2$) solution at pH 6 over 40 hours. The testing showed that 8 nutrients were released and could be available as nutrients for plant growth (Figure 15e). The release rates of the elements (that have been identified thus far) were in the following order:

- for macro nutrients K (potassium), Mg (magnesium), P (phosphorus); and
- micro nutrients B (boron), Mn (manganese), Fe (iron), Zn (zinc) and Cu (copper).

Quantification of the release percentage of specific elements is in progress.

Phosphorus and micronutrients in the Sugarloaf graphite release in trace amounts as not all the elements present in the material are water soluble. Sodium (Na) is present but can be removed by washing using potable water.

Future soil and plant tests will provide more data on the influence of Na and the other macro and micro nutrients in the raw Sugarloaf graphite.



Digital photographs of (a) raw Sugarloaf graphite, (b) graphite milled into a powder, (c) pressed into pellets, and (d) mixed with other elements to increase the properties of the graphite material for use as fertilizers. (e) Water soluble elements in the raw graphite that were released in the column leaching experiments, which can be available as nutrients for plant growth at time 48 h. (f) Release of Zn, K, and Mg in the different systems in the column leaching experiments at time 40 h. CaCl2 was used as the solute in the column leaching experiments at pH 6.

Soil Conditioners

A wide variety of materials have been described as soil conditioners due to their ability to improve soil quality. Carbon compounds such as biochar and peat are widely used to improve soils.

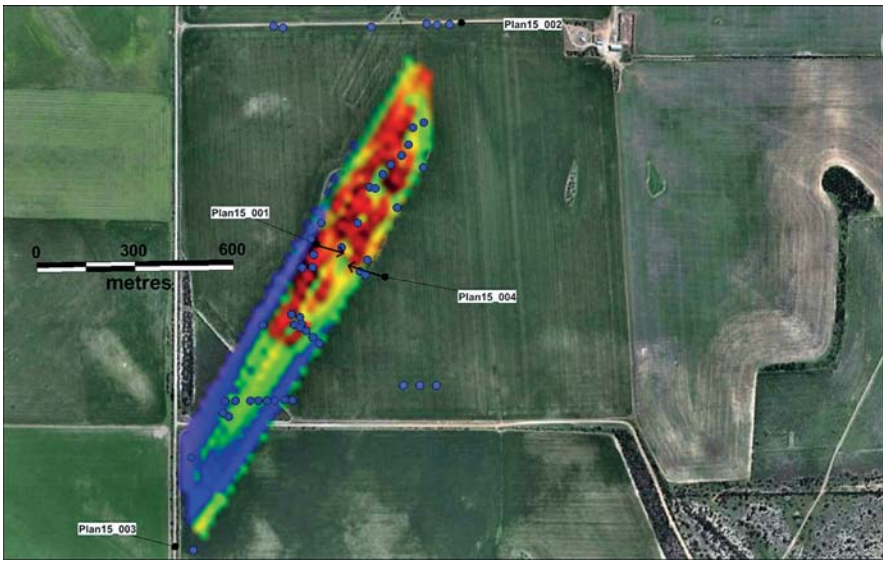
Soil conditioning can occur in a variety of ways including improving soil structure, by adding essential nutrients for plant growth, by aiding the storage of nutrients via cation exchange and by improving soil water retention.

Test work to date has demonstrated that raw Sugarloaf carbon has natural accumulations of macro and micro nutrients essential to promote plant growth. The planned next steps will extend the research already undertaken to determine the effectiveness of Sugarloaf carbon as a soil conditioner. If such an application can be demonstrated it would open up enormous possibilities for Sugarloaf carbon not only in broad acre dry land soils remediation but also wider application across citrus and other fruit trees, conifers, climbers and vines and foliage plants.

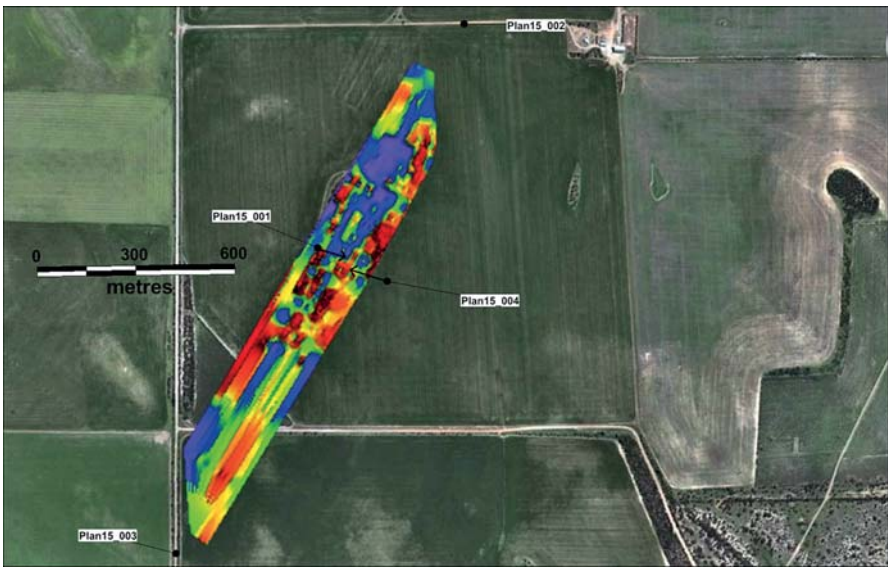
Geological Model

The geological setting for Sugarloaf has striking affinities to Iron Sulphide-Copper-Gold deposits. This means that there are several other aspects that make Sugarloaf a "different" carbon deposit, namely:

- Its proximity to the Jamieson Tank manganese deposit which occurs just 500m to the northeast of Sugarloaf. The manganese has no elevated base metal values or rare earths.
- Significant barite occurs within the Jamieson Tank manganese deposit and immediately peripheral to Sugarloaf graphite.
- Sugarloaf Hill had historically been mapped as a banded iron formation presumably because of the abundant ferruginous (goethite and hematite) float scattered throughout the hilly outcrops. However detailed petrology shows the host rock to be a quartz-rich metasiltsone.
- Sugarloaf Hill hosts a distinctive chert horizon across its western flank.
- Gold occurs on Sugarloaf Hill in laminated veined quartz grading to 1g/t Au.
- The Argent silver mine occurs east of Sugarloaf Hill.
- Sugarloaf has a significant EM signature beneath the hill. That EM signature cannot be attributed to the 40 metre thick outcropping carbon body. Sulphur levels (as evidenced by the abundance of pyrite) increases significantly with depth.
- Sugarloaf Hill has highly elevated copper and zinc (1,000 - 10,000ppm) in rock and soil samples taken across Sugarloaf Hill.



Cu anomalies on Sugarloaf Hill (from 2010 soils), blue markers indicate historic holes. Interpolation value ranges, Red>500ppm, Yellow >100ppm, Green <100ppm and Blue <50ppm.



Zn anomalies from Sugarloaf Hill (from 2010 soils). Interpolation value ranges, Red>200ppm, Yellow >120ppm, Green <120ppm and Blue <50ppm.

Sugarloaf Test Summary

The test work completed so far has shown that:

- Macro and micro nutrients present in the Sugarloaf graphite are in both soluble and slow soluble forms, which in terms of release performance may be advantageous providing fast immediate release and slow release of nutrients for a long period of time.
- Successful addition of other micro nutrients (i.e. Zn) is demonstrated and their release in the Sugarloaf sample and nutrient performance shows that the raw material can be easily tailored for specific applications.
- Coating with graphene and graphene oxide is not necessary.
- Removal of Na ions was proved by using a simple washing process.
- No difference in nutrient values and solubility occurred between pellets and powders.
- The trace elements in the Sugarloaf graphite can be targeted for soil conditioning of dry land pastures and/or trees and shrubs including citrus and other fruit trees, conifers, climbers and vines and foliage plants.

The unique physical and chemical composition of Sugarloaf graphite, its lower crystallinity ('sootiness'), the deposit's highly anomalous base metal and gold distribution, the adjacent Jamieson Tank manganese deposit, and other geological features all point to Sugarloaf graphite being a part of a larger Iron Sulphide-Copper-Gold (ISCG) system. This opens the opportunity that beneath the 40 metre thick carbon-rich layer there is excellent potential for sulphide base metals mineralization.

Magnesite

Archer through its wholly owned subsidiary Leigh Creek Magnesite Pty Ltd owns the Leigh Creek magnesite deposit which at 453 million tonnes grading 41.4% MgO is the world's largest cryptocrystalline magnesite deposit.

Archer owns Exploration Licence EL 4567 (Termination Hill) and Exploration Licence EL 4729 (Witchelina) in the state of South Australia, Australia. EL 4567 was granted by the Government of South Australia in September 2010. It includes the Mount Hutton South, Mount Hutton, Mount Playfair, Pug Hill and Termination Hill magnesite resources. EL 4729 was granted by the Government of South Australia in May 2011. It includes the Witchelina magnesite resource.

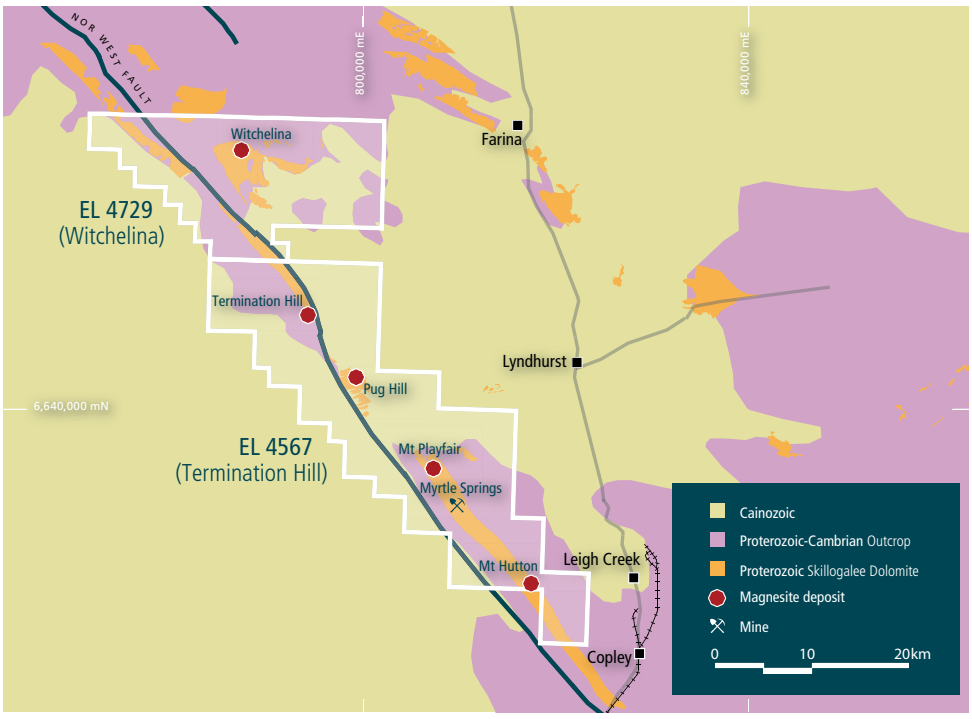
The Deposits are located near the established coal mining town of Leigh Creek, approximately 260km north of the industrial city of Port Augusta, 350km north of the industrial city of Port Pirie and 570km north of Adelaide.

The impending closure of Alinta Energy's Leigh Creek coal mining operations and the closure of its power stations in Port Augusta may have several positive effects on the Company's plans for the deposits.

The Leigh Creek region has been mined for magnesite since the early 1900's. However, these operations have typically been on an irregular and small scale basis. More recently, during the late 1990's and early 2000's, Magnesium Developments Limited ("MDL") and associated companies undertook significant exploration, environmental and project study work to complete a Bankable Feasibility Study (BFS) to construct a 50,000tpa magnesium metal project using magnesite resources extracted from the deposits (the MDL Project). While the MDL Project ultimately did not proceed, the extensive exploration work that was carried out on the Deposits, as part of the BFS, identified a JORC Resource of 453 million tonnes grading 40-43% MgO, making the deposits the largest known high value cryptocrystalline magnesite resource in the world.

Archer has undertaken further geological, technological and marketing due diligence to develop an indicative project concept for the production of Caustic Calcined Magnesia (CCM) for supply into high value, high growth market applications.

The proposed Archer Project involves a relatively straightforward open cut mining operation followed by on-site crushing and screening beneficiation. The mining operation could use contract mining services to reduce upfront capital expenditure. Detailed geological data, mine reserves calculations, mine pit design, waste dump design, mining schedule plans, environmental baseline studies and risk analysis currently exist to support the startup of mining operations and could be quickly updated.



Archer's mineral tenements at Leigh Creek.

The world's largest cryptocrystalline magnesite deposit with JORC Measured, Indicated and Inferred Resources of 453Mt grading 41.4% MgO.

Mt Hutton hosts a JORC resource of 113 million tonnes of high magnesium – low calcium magnesite.

The two types of magnesite are defined by their crystal size – cryptocrystalline (amorphous or fine size crystal typically 1-10 microns) and macrocrystalline (sparry or large size crystal up to several centimetres).

Cryptocrystalline magnesite is a unique and scarce mineral and accounts for only 7% of the world's total magnesite resources. Cryptocrystalline magnesite only exists in a small number of countries and typically in much smaller deposits than macrocrystalline magnesite with the main deposits occurring in Australia and Turkey.

Australia has 58% of the world's cryptocrystalline magnesite resources and the Leigh Creek Deposits are the major component of these and account for almost 50% of total global cryptocrystalline resources. The Leigh Creek Deposits are by far the largest known of their kind in the world.

Metallurgical testwork indicates the simple crushing and screening process will, after calcination, produce a CCM with MgO> 95.0%, SiO_2< 2.5% and CaO< 1.5% and be suitable for a range of market applications.

The deposits are strategically located and are within close proximity to industrial infrastructure. The town of Leigh Creek is connected to Port Augusta and Port Pirie by a standard gauge rail line and all weather bitumen roads. Port Pirie is currently the preferred location to build the magnesia processing plant and has access to bulk shipping facilities, national rail and road infrastructure, natural gas, power and skilled labour. Adelaide is also connected to Port Pirie by a standard gauge rail line and all weather bitumen roads and provides access to container shipping facilities.

The LCM Project marketing plan is based on selling either CCM or run of mine magnesite via the Port of Adelaide.

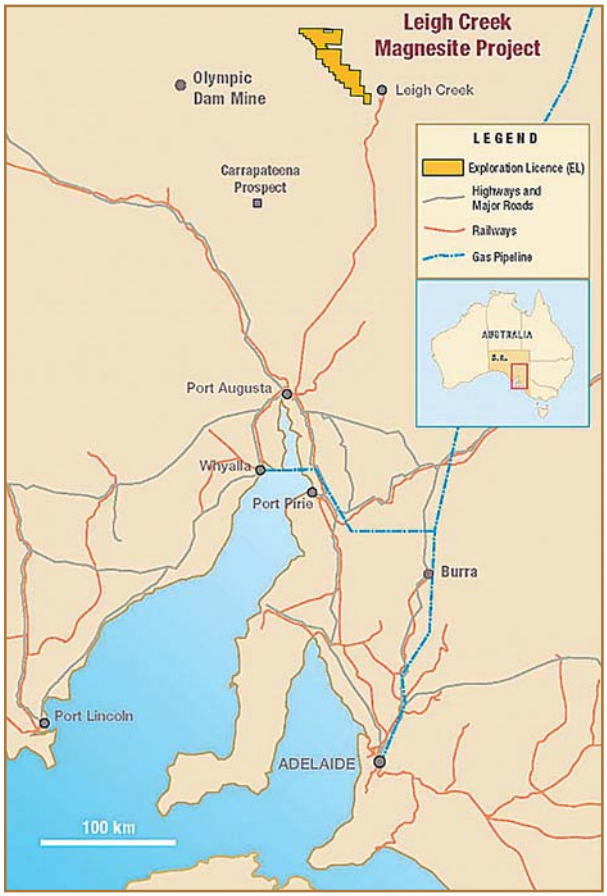
History of Archer's Tenements

In February 2010 Archer identified that the ground formerly covered by MDL's ML6092 was available and on 9 February 2010 applied for an Exploration Licence. Termination Hill EL4567 was granted on 20 September 2010. EL4567 includes the ground the subject of MDL's former ML6092. Archer subsequently applied for and was granted EL4729 Witchelina in 2011.

Under ownership of EL4567 Termination Hill Archer has the right to explore for and then apply for Mineral Claims and Mining Leases in order to develop or divest magnesite occurring on the tenement.

Archer's goal is to develop the magnesite project at Mt Hutton.

Archer has maintained EL4567and EL4729 in good standing since the date of initial grant and met all statutory requirements.



Leigh Creek Magnesite Project Location.

Cleared Mt Hutton Mine Site.

The first deposit proposed to be developed is Mt Hutton.

- Mt Hutton hosts a JORC resource of 113 million tonnes of high magnesium – low calcium magnesite and is the most important magnesite resource at Leigh Creek.
- Mt Hutton represents the most advanced magnesite deposit within the overall Leigh Creek magnesite deposits owned by Archer.
- Mt Hutton is the closest deposit and most easily accessed deposit to Leigh Creek providing the excellent transport logistics.
- Mt Hutton has remarkably consistent and continuous beds of high quality magnesite.
- Mt Hutton has been the subject of comprehensive studies that were sufficient to have a Mining Lease granted historically. Whilst the Mining Lease was surrendered by the former project owner in 2009, the studies to support a new Mining lease Application remain valid and are available for resubmission.

Magnesite beds (white) interbedded with dolomite beds (light brown) within MDL's former Myrtle Springs mine. Despite this photo being of the nearby Myrtle Springs mine, the geology, including magnesite and dolomite disposition, is the same as the stratigraphy at Mt Hutton.

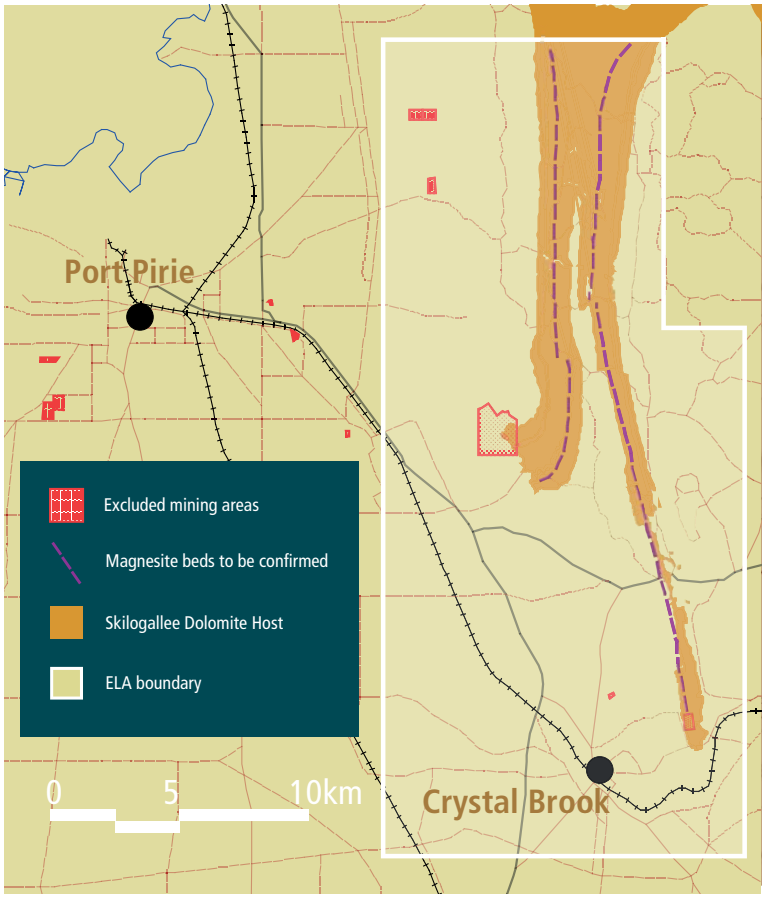
Collaby Hill

Archer has a granted Exploration Licence EL5553 for ground east of Pt Pirie covering magnesite beds at Collaby Hill. Collaby Hill contains magnesite beds that strike for over +10km. The tenement is likely to be an important addition to Leigh Creek offering high grade, low silica magnesite within 15 kilometres of Port Pirie.

Exploration prior to Archer's tenure was limited to surface sampling of magnesite which indicated Collaby Hill magnesite was higher in grade (MgO) that Mt Hutton and had low silica levels. The exploration was conducted by MDL as part of that company's plans for an alternative source of magnesite to Mt Hutton. Drilling was not conducted.

The Collaby Hill tenement has significant potential to compliment the deposits at Mt Hutton, Pug Hill, Mt Playfair, Termination Hill and Witchelina.

The Collaby Hill tenement has significant potential to compliment all our other deposits.



EL 5553 Collaby Hill.

Copper

Spring Creek

The historic Spring Creek copper mine is located 30km south of the township of Wilmington, South Australia.

Copper mining ceased in 1918 when the mine de-watering pump failed and the mine flooded. The government of the day determined that the operator had 12 months to reactivate the mine or face forfeiture. Pumps failed again and the mine was relinquished.

The historic mining records at Spring Creek document what can be described as a classic supergene copper profile with the uppermost portion comprised solely of copper carbonates malachite ($CuCO_3 \bullet Cu(OH)_2$) and azurite ($2CuCO_3 \bullet Cu(OH)_2$) which pass vertically into copper oxides cuprite (Cu_2O) and native copper (Cu) before passing vertically into transition sulphide zone consisting of chalcocite (Cu_2S), and covellite (CuS).

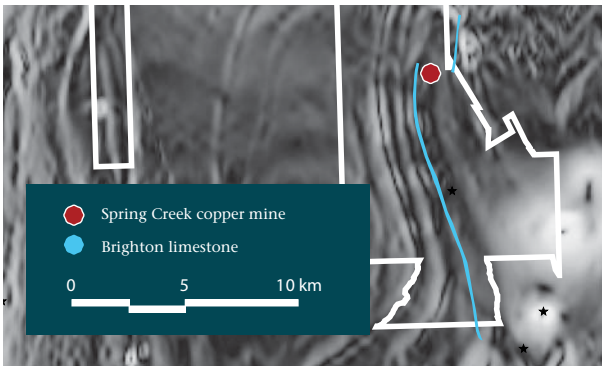
The Spring Creek Copper Mine occurs within an east-west striking breccia. Copper mineralization to the depths explored is dominated by copper carbonates, typically malachite. Copper carbonates exist on the surface above the mine and within the backs and walls of the un-worked sections of the drives. Two drives were mined down to a final level of 30m with approximately 20m between the drives. The overall width of the mineralisation appears to be approximately 10m wide at the surface and at least 120m in strike.

Two targets present themselves:

- The breccia is located approximately 2.5km from a large regional fault. Insufficient work has been performed to determine the relationship of the fault to the sub-parallel breccia.
- Alternatively, fluids associated with the breccia may have developed a skarn deposit at depth when exposed to the Brighton Limestone.

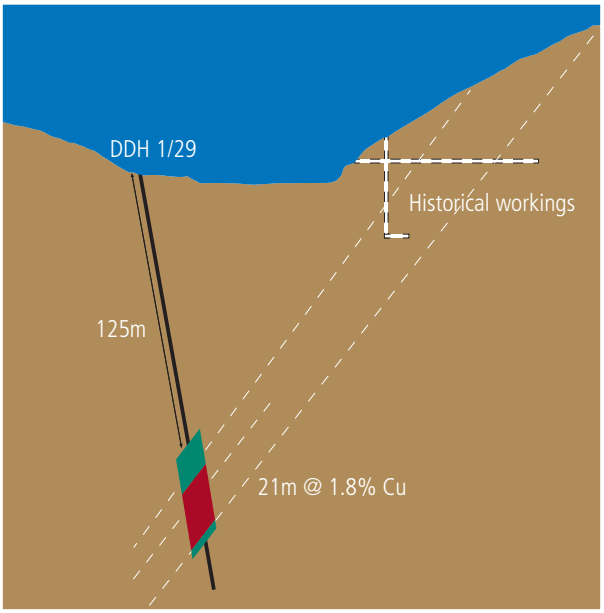
DDH 1/29, intersected copper carbonates some 60m below and parallel to the historical workings returning an assay of 1.8% Cu over a 21m interval (Figure 3).

It is believed that DDH1/29 did not intersect the prospective Brighton Limestone contact which is highly prospective for high grade metasomatic skarn copper mineralisation.



Magnetic image of Spring Creek area, note NNW structure north of Spring Creek Mine. Blue lines indicate location of Brighton limestone.

Aerial view of Spring Creek with location of historical drill holes.



Cross section of drill hole DDH1/29.

2015 Exploration

Underground face sampling on the uppermost level of the historic Spring Creek Copper Mine confirmed the presence of significant copper mineralisation peripheral to the former production stopes. Sampling identified a ≈2% Cu halo consisting of copper carbonate (malachite and azurite) outside of the main stopes including:

- 2m @ 1.8% Cu across drive 1
- 4m @ 3.0% Cu across drive 1a
- 0m @ 1.3% Cu along drive 2, and
- 12m @ 1.9% Cu along drive 3a

The mine comprises a series of drives coming off an adit cut into a hill face (below). Only the upper level was accessed. From these different drives a number of stopes are observed that were historically;

- accessed by winzes to lower levels
- mined down to the main drive from the surface

The main copper lodes at the historic Spring Creek Copper Mine are contained within an intense east-west striking quartz-rich hematite breccia within a ferruginous siltstone. Lower grade copper occurs as blebs and joint/fracture coatings within a “halo” around the mined stopes.

The sampling program was undertaken to assess the presence and grade of copper mineralisation peripheral to the historic high grade (8-10% Cu) mining stopes within the Spring Creek mine. Samples were collected by face sampling access drives and by taking point sampling of remnant pillars.

Three separate drives were sampled (highlighted in figure 1) and assayed for copper. The results demonstrate that the multiple high grade copper bodies (8-10%Cu) have a halo of mineralisation averaging 1-3% Cu. Point sampling of remnant pillars within one stope accessible on the one level sampled indicate grades up to 8% Cu which mirrors historic mined grades.

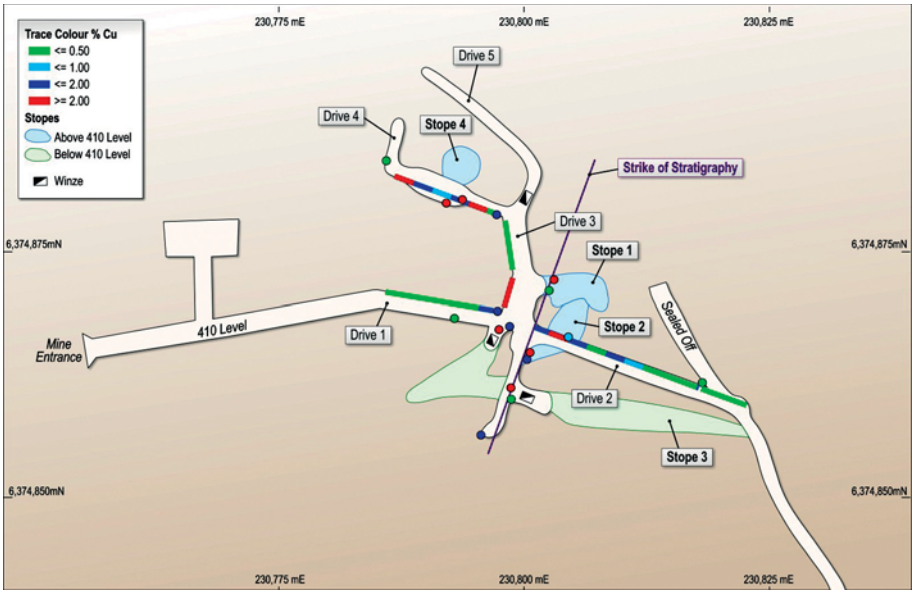
All samples taken in the sampling programme were from the zones peripheral to the mined out stopes and all mineralisation consisted of the copper carbonates, malachite and azurite.

Sampling of Drive 1 (Face_001) commenced in hard silica rich rock and ended (Face_001a) in a pillar opposite Stope_1 that was mined above the drive. Sampling of Drive 2 (Face _002) commenced after passing Stope_1 and continued back into the mine (Easterly) and ceased at the junction of an abandoned and sealed Drive. Sampling of Drive 3 (Face_003) was completed in two parts (003 and 003a) and continued from Stope 1 (in a Northerly direction) then around to the NE towards Drive _4.

Point samples were taken over 2 separate visits as a part of understanding the host rock and the mineralisation.

Drive 4 was not sampled as it strikes in a direction similar to that of the stratigraphy (020); Drive 5 was inaccessible at the time due to an open winze.

The lower stopes were not sampled in this round. However, Mining Reports from the SA Govt (1916), describe grades ranging from 2.2 to 8.9% Cu remain in faces in these lower stopes.



Plan view of underground workings, face and point sampling copper assays.

This table presents the copper assays for the Face sample of the drives. All drives were sampled from East to West.

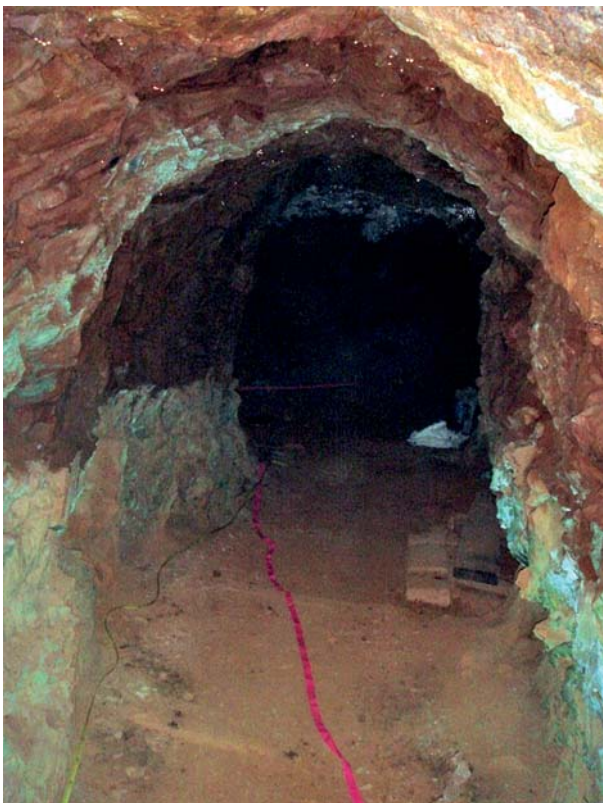
Copper assays from Face Sampling in mine

Hole ID	*From*	*To*	*Cu%*
FACE_001	0	2	0.29
FACE_001	2	4	0.17
FACE_001	4	6	0.17
FACE_001	6	8	0.20
FACE_001	8	10	0.22
FACE_001	10	12	**1.78**
FACE_001a	0	1	**3.96**
FACE_001a	1	2	**2.16**
FACE_001a	2	3	**2.88**
FACE_001a	3	4	**3.17**
FACE_002	0	2	**1.17**
FACE_002	2	4	**2.04**
FACE_002	4	6	**1.54**
FACE_002	6	8	0.26
FACE_002	8	10	**1.46**
FACE_002	10	12	0.61
FACE_002	12	14	0.27
FACE_002	14	16	0.18
FACE_002	16	18	0.27
FACE_002	18	18.3	**1.36**
FACE_002	18.3	20.3	0.23
FACE_002	20.3	22.3	0.27
FACE_002	22.3	23.3	0.35
FACE_003	0	2	0.38
FACE_003	2	4	0.15
FACE_003	4	6	0.30
FACE_003a	0	2	0.35
FACE_003a	2	4	**2.16**
FACE_003a	4	6	**1.50**
FACE_003a	6	8	**0.99**
FACE_003a	8	10	**1.18**
FACE_003a	10	12	**3.60**

This table shows the point samples taken from inside the mine.

Copper assays from Face Sampling in mine

Sample ID	*From*	*To*	*Cu%*
WD03046	0	0.1	0.11
WD03047	0	0.1	1.94
WD03048	0	0.1	3.24
WD03049	0	0.1	1.22
WD03050	0	0.1	0.65
WD03051	0	0.1	0.37
WD03086	0	0.1	3.02
WD03087	0	0.1	2.98
WD03088	0	0.1	1.87
13809	0	0.1	2.84
13810	0	0.1	0.37
13811	0	0.1	1.62
13812	0	0.1	8.62
13813	0	0.1	3.38
13814	0	0.1	0.37
WD03089	0	0.1	0.49
WD03090	0	0.1	1.47



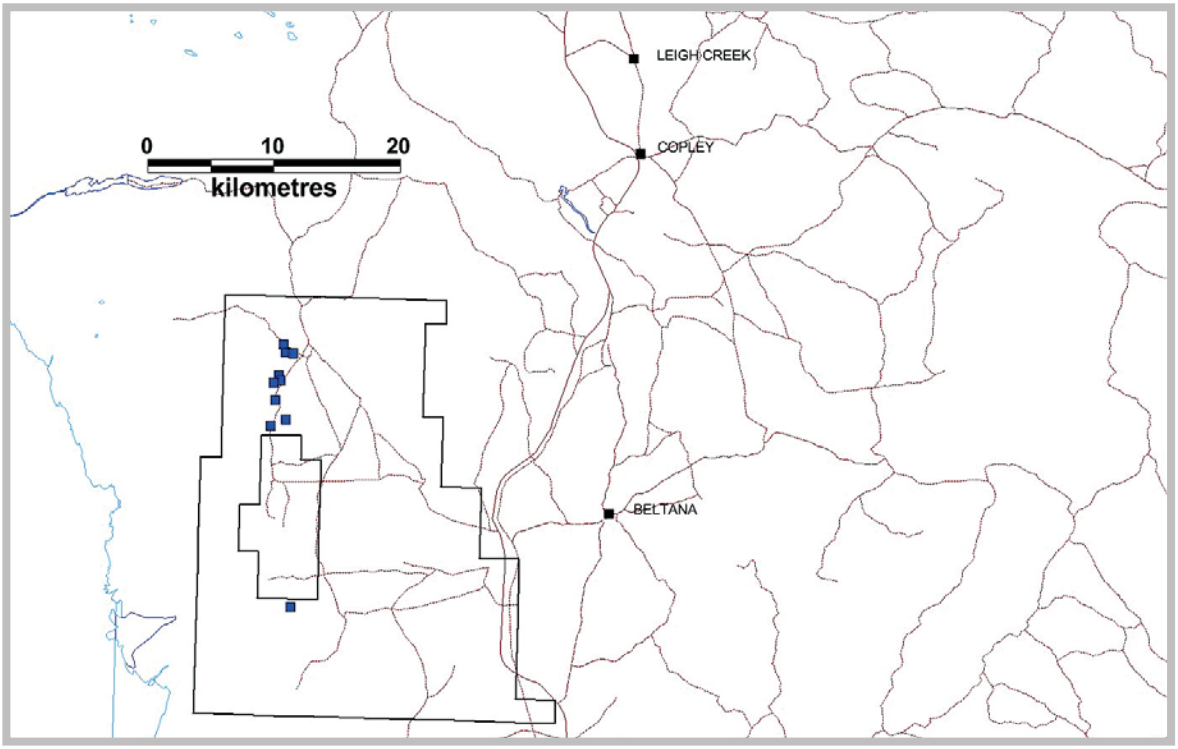
Looking from the end of Drive 1 into the main drive intersection.

Barite

Mount James Barite

The Mount James barite deposits occur on EL 4869 (below) held by Archer Energy and Resources Pty Ltd (a wholly owned subsidiary company of Archer Exploration Ltd). The tenement is located 25 km South West of Leigh Creek, South Australia and approximately 70km by road to the outcrops.

Barite is a naturally-occurring barium sulphate ($BaSO_4$) and is the predominant barium mineral used for industrial purposes. Barite is primarily used in oil and gas well drilling where its high specific gravity (drilling standard based on an SG of 4.1 or 4.2), its chemical and physical inertness, relative softness and very low solubility make it ideal as a weighting agent to suppress high formation pressures and prevent blowouts. Mount James' location close to the Cooper Basin (which is a major oil and gas producing basin) presents an opportunity for Archer to provide crushed and bagged barite for local domestic consumption.



EL 4869 with barite outcrops shown as blue squares.

Looking North from a costean within north end of historic ML (Mount James) showing shallow east-dipping , strataform barite unit.

Line of barite unit in the Mount James area.

Previous Exploration

The ground has been systematically explored since the early 1960's for coal and for base metal deposits, with no success.

Mapping by Comalco (ENV03205) identified barite outcrops at several sites in the Mount James area.

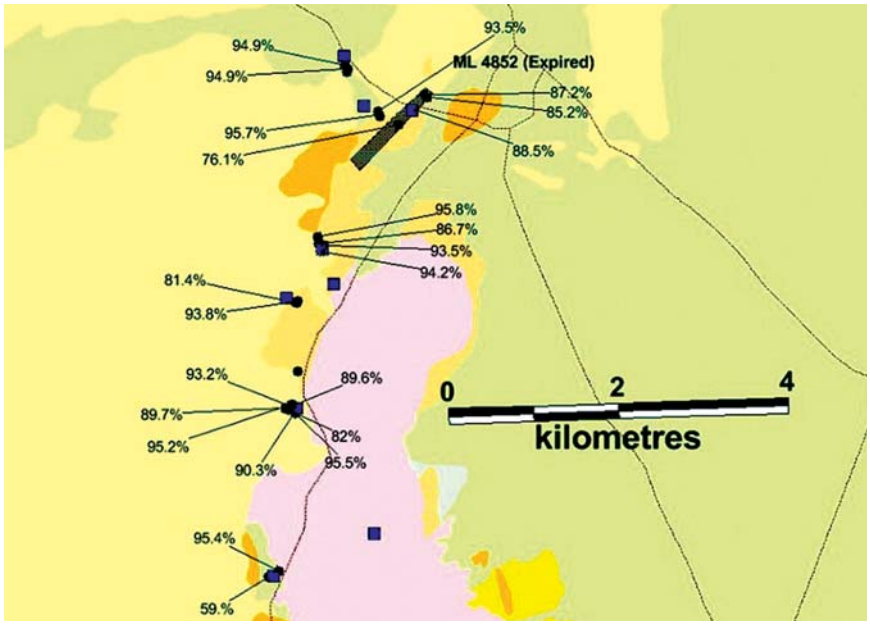
The barite veins were mapped and sampled on a local grid by Comalco, but were only assayed for base metals.

No systematic exploration for barite has been reported, although an expired barite Mining Lease (ML 4852) is reported by the Department of State Development (DSD) in the Mt James area. No information regarding ML 4852 can be found, though ground inspections reveal little work was ever performed by the holder. It is thought that the ML was located over part of the historically mapped barite veins at Mount James.

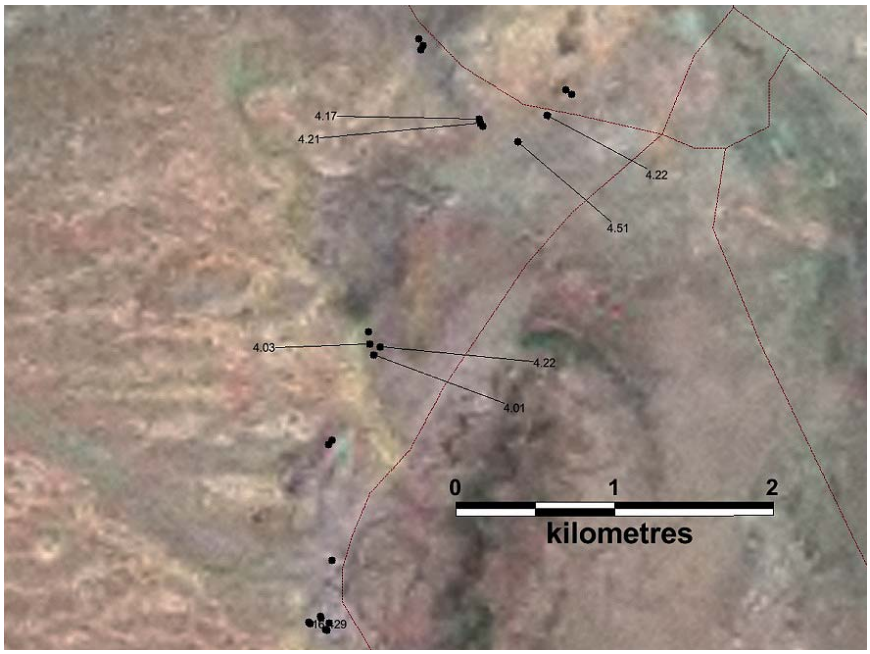
Archer Exploration (2014 to current)

In late 2014 Archer sampled some of the barite occurrences on EL 4869 with the reported $BaSO_4$% shown below.

Seven duplicate samples were taken for the purpose of establishing the density of the barite. The results for the seven samples range from 4.01 to 4.51 and provide an average of 4.2.



Location and $BaSO_4$% values for samples taken by Archer.



Location of duplicate samples and their density value.

Directors' Report

Directors' Report

Your Directors present this report on Archer Exploration Limited and its consolidated entities ('Group' or 'Archer'), for the year ended 30 June 2015.

Directors

The names of Directors in office at the date of this Report:

- *Greg English*
- *Tom Phillips AM*
- *Alice McCleary*
- *Gerard Anderson*

A biography and statutory disclosure regarding each Director and the Company Secretary are provided elsewhere in this Directors' Report.

Principal Activities

The principal activity of the Group during the course of the financial year was the exploration for minerals on the Group's exploration licences in South Australia. There has been no change to these activities during the financial year.

Operating Results

The loss of the Group after recognising a research and development tax concession of $350,102 was $978,910 (2014: $675,102).

Dividends

No dividends were declared or paid during the financial year. No recommendation for payment of dividends has been made to the date of this report.

Operating and Financial Review

Archer Exploration Limited's business is mineral exploration. The Company has 15 granted Exploration Licences, all in the state of South Australia that cover a range of mineral commodities including graphite, magnesite, copper, gold and manganese.

Over the last three years the Company has largely focused on the evaluation of its graphite projects and especially the Campoona Shaft Graphite Deposit, located near Cleve on Eyre Peninsula and that work culminated in the lodging of a Draft Mining Lease Proposal on 14 May 2015.

The Company completed the following activities during 2015:

Graphite:

- Purchase of EL4662 Waddikee on the 23 July 2014 which abuts the Company's other graphite tenements. EL4662 hosts the Wilclo South Graphite Deposit (JORC 2012 Inferred Resource of 6.38Mt grading 8.8% Cg) (graphitic carbon) and seven graphite prospects (Argent, Cut-Snake, Wilclo, Balumbah, Francis, Ridgestone and Lacroma) at various stages of exploration. Exploration potential for graphite is considered to be high and the Company believes that further exploration is highly likely to increase the graphite resource base. EL4662 also hosts 50% of the Jamieson Tank Manganese Deposit (the other 50% occurs on Archer's EL4861 Carappee Hill).
- On 6 August 2014 Archer announced a combined JORC 2012 graphite resource at the Eyre Peninsula Project of 8.55Mt @ 9.0% Cg. This is Australia's largest JORC 2012 graphite resource. The Eyre Peninsula Graphite Project encompasses Campoona, Sugarloaf and Wilclo South areas. The result is based on a 5% lower cut-off grade and utilises the JORC 2012 definition of 'reasonable prospects of eventual recovery'.
- Scout drilling was completed at Wilclo, Wilclo South, Argent, Francis, Lacroma Cut-Snake and Balumbah with holes at Wilclo and Wilclo South intersecting visible flake graphite.
- A total of 6 RC drill holes were drilled to determine if the flake graphite seen at Wilclo South extended to the south. From the airborne EM signature it is evident that Wilclo South is open along strike to the north and south for up to 11 kilometres. The drilling successfully intersected the same geological host rock sequences and flake bearing graphitic horizons over a distance of a further 1.1 kilometres. It is worth noting that the existing JORC 2012 Inferred Resource of 6.28 million tonnes grading 8.8% Cg at Wilclo South covers a strike length of just 1.2 kilometres.
- A composite RC sample (drill hole WG045) from the oxide zone of the Wilclo South graphite deposit produced Extra Large, Large, Medium and Fine Flake graphite at grades of 91-93% Cg using rudimentary extractive techniques.

  The shape of the recovered flake particles showed a high degree of graphite release from the predominantly quartz gangue, which inferred potential for efficient recovery of graphite at relatively coarse grind sizes.

  Small scale laboratory tests showed overall 42-55% of the graphite was recoverable as flake.

  Archer's Campoona Project is located within EL4693 (Wildhorse Plain) which was held by a wholly owned subsidiary of ASX listed UraniumSA Limited. Archer had been exploring EL4693 pursuant to a Mineral Rights Agreement which allowed the Company to explore for all minerals except for uranium.

Global JORC Graphite Resources (5% Cg cut-off)

Area	*Resource Category*	*Tonnes (Mt)*	*Graphitic Carbon %*	*Contained Graphite (t)*
Campoona Shaft	Measured	0.32	12.7	40,600
	Indicated	0.78	8.2	64,000
	Inferred	0.55	8.5	46,800
Central Campoona	Indicated	0.22	12.3	27,100
	Inferred	0.30	10.3	30,900
Wilclo South	Inferred	6.38	8.8	561,400
Total Resource		**8.55**	**9.0**	**770,800**

Wilclo South
Indicative flake distribution from the oxide profile

Graphite size (µm)	*Grade (% Cg)*	*Graphite distribution in flake product (%)*
Extra large / Jumbo flake +425µm	92.2	5%
Extra large flake +300µm	91.6	10%
Large flake +180µm	91.8	29%
Fine & Medium flake +75µm	92.3	56%

Wholly-owned subsidiaries of Archer Exploration Limited and UraniumSA Limited signed the Wildhorse Plain Agreement which set out the terms and conditions for the transfer of ownership of Wildhorse Plain EL4693 to Archer. Under the terms of the Wildhorse Plain Agreement, Archer became the holder of the tenement and UraniumSA will have the right to explore for uranium and may benefit from the development of a deposit(s) where uranium is not the dominant element. Archer issued 250,000 fully paid Archer ordinary shares, with a fair value of $24,500, to UraniumSA Limited as full consideration for the transfer.

- The Draft Campoona Mining Lease Proposal (MLP) was lodged with the Department of State Development (DSD) on 14 May 2015. The Draft MLP covers the mining of the Campoona Shaft graphite deposit and ore processing at the Company's Sugarloaf site located near Darke Peak on SA's Eyre Peninsula. Submission of the Draft MLP is the culmination of over 2 years of continuous studies. The MLP was submitted in Draft form so that it could be assessed against the myriad of applicable conditions by the regulatory bodies prior to the submission of the final MLP documents.

- A sample of high grade Campoona Shaft graphite was tested for its performance in lithium-ion batteries. Battery electrodes were prepared from Campoona natural graphite and other commercially available graphite powders, which were then used to construct coin cells in a half-cell configuration. The performance of each cell and the properties of the anodes in each cell were then tested. Test results showed that the performance of Campoona ultra grade graphite in terms of charge capacity was equivalent to that of commercially available shaped and sized synthetic graphite.

- Significant progress was made relating to potential large scale uses for Sugarloaf 'carbon'. The research being undertaken by the University of Adelaide showed that Sugarloaf "graphite" has unique physical and chemical characteristics and because of its broad composition of carbon, silica, and soluble macro- and micro-nutrients. Testing so far identified 9 out of 13 elements required as nutrients for plant growth - potassium (K), phosphorus (P), magnesium (Mg), and iron (Fe), copper (Cu), zinc (Zn), manganese (Mn), boron (B), and calcium (Ca).

  Standard column leaching experiments showed that nutrients were released and could be available for plant growth.

  Test work to date has demonstrated that raw Sugarloaf carbon has natural accumulations of macro- and micro-nutrients essential to promote plant growth. The planned next steps will extend the research already undertaken to determine the effectiveness of Sugarloaf carbon as a soil conditioner. If such an application can be demonstrated it would open up enormous possibilities for Sugarloaf carbon not only in broad acre dry land soils remediation but also wider application across citrus and other fruit trees, conifers, climbers and vines and foliage plants.

Magnesite

- Archer settled all disputes with Magnesium Developments Limited on the 13 September 2014 relating to the Leigh Creek magnesite deposits. The execution of the settlement agreement allowed Archer to actively explore avenues to realize the value inherent in such a world class deposit. Archer appointed Ernst & Young to undertake a strategic review of the Project with the intent of either establishing a joint venture to co-develop the project or to look to divestment. Archer received interest from several parties but the indicative offers did not reflect the value inherent in the Project. The Company remains in discussions with parties interested in acquiring the asset.

Copper

- Underground face sampling was completed on the uppermost level of the historic Spring Creek Copper Mine which confirmed significant copper mineralisation (≈2% Cu) peripheral to the former production stopes. Mineralisation consisted of copper carbonates (malachite and azurite).

  The historic mining records at Spring Creek describe a classic supergene copper profile with the uppermost portion comprised solely of copper carbonates ((malachite ($CuCO_3$•$Cu(OH)_2$) and azurite ($2CuCO_3$·$Cu(OH)_2$)) which pass vertically into copper oxides ((cuprite (Cu_2O) and native copper (Cu)) before passing vertically into transition sulphide zone consisting of chalcocite (Cu_2S), and covellite (CuS). Primary sulphides were never encountered meaning that the primary mineralisation which was the source of the copper that was mined is likely to occur at depth below the flooded workings. Archer expects that because of this that "unmined" intact and high grade copper mineralisation is likely to be found below the stopes.

Gold

- A series of auger holes at Bartels outlined low level anomalous gold.

The Company has also fielded interest in both its manganese interests (including Ketchowla, Salt Creek and Jamieson Tank either separately or as a package) and the barite occurrences at Ediacara.

Significant Changes in State of Affairs

The Directors are not aware of any significant changes in the state of affairs of the Group occurring during the financial year, other than as disclosed in this Annual Report.

Matters Subsequent to the End of the Financial Year

On 7 July 2015, 959,211 Performance Rights lapsed. The criteria for vesting of these Performance Rights for the performance period 1 July 2014 to 30 June 2015 was not achieved.

On 6 July 2015, the Company issued 244,444 fully paid ordinary shares in the Company to a third party consultant as payment for services to the Company. The fair value of the shares was $20,000.

Other than as detailed above, no other matters or circumstances have arisen since the end of the financial year which have significantly or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future Developments, Prospects and Business Strategies

The 2016 business plan for Campoona is to lodge the final Mining Lease Proposal for Campoona Shaft in October 2015 and to submit a Programme for Environmental Protection and Rehabilitation in December 2015. Based on the assumption that the MLP and PEPR will be approved, approval for the greater Project could reasonably be expected prior to 30 June 2016.

The most important factor influencing the size of the development proposed for Campoona remains in securing finance and off-take agreements. The marketing of Campoona graphite is continuing and several exciting opportunities are being pursued. Archer is considering all options for developing the project, whether solely by Archer or in partnership with others.

The funding for Campoona will most likely be a combination of debt and equity arrangements based on securing off-take agreements or entering into a joint venture arrangement, or from the sale of non-core assets.

The strategy is to develop or divest non-core projects including the Leigh Creek magnesite deposits. During 2015 the Company received several expressions of interest for Leigh Creek but none reflected the value inherent in the Project. The Company remains in discussions with potential buyers and is confident that a sale and/or joint venture opportunity could be realised during 2016.

Archer has also fielded interest in its Mount James barite project which also has not matured into a viable proposition at this stage. Barite is a naturally-occurring barium sulphate (BaSO4) and is primarily used in oil and gas well drilling where its high specific gravity (drilling standard based on a SG of 4.1 or 4.2), its chemical and physical inertness, relative softness and very low solubility make it ideal as a weighting agent to suppress high formation pressures and prevent blowouts. The project's location close to the Cooper Basin (a major oil and gas producing basin) presents an opportunity for Archer to provide crushed and bagged barite for local domestic consumption.

In addition to the development at Campoona, Archer will continue to prioritise exploration on emerging exploration projects outside of graphite including the Spring Creek copper deposit and gold targets at Wonna and Watervale.

Environmental Issues

The Group's operations are subject to significant environmental regulations under the laws of the Commonwealth and/or State. No notice of any breach has been received and to the best of the Directors' knowledge no breach of any environmental regulations has occurred during the financial year or up to the date of this Annual Report.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director of Archer Exploration Limited and for the key management personnel. The names and roles of the Company's key management personnel during the year are:

- Mr Greg English — *Chairman – Executive (appointed Executive Chairman 1 June 2015)*
- Mr Tom Phillips AM — *Director – Non-executive*
- Ms Alice McCleary — *Director – Non executive*
- Mr Gerard Anderson — *Director – Executive*
- Mr Damien Connor — CFO / *Company Secretary (appointed 1 August 2014)*
- Mr Craig Gooden — CFO / *Company Secretary (resigned 1 August 2014)*

Remuneration Policy

The Board acts as the remuneration committee as a consequence of the size of the Board and the Group. The Board believes that individual salary negotiation is more appropriate than formal remuneration policies and external advice and market comparisons are sought where necessary. The Group discloses the fees and remuneration paid to all Directors as required by the Corporations Act 2001. The Board recognises that the attraction of high calibre executives is critical to generating shareholder value.

The directors and executives receive a superannuation guarantee contribution required by the government which increased from 9.25% to 9.50% from 1st July 2014 (Managing Director contribution is 10%), and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation and/or elected to increase superannuation contributions a part of their salary package.

All remuneration paid to Directors and executives is valued at the cost to the Group. The Group has established a Performance Rights Plan and a Share Option Plan for the benefit of Directors, officers, senior executives and consultants. Shares issued under the Share Option Plan to Directors and executives are valued at the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes valuation methodology, Performance Rights are valued using a Monte Carlo based model and recognised as remuneration in accordance with the attached vesting conditions. The Board policy is to remunerate non-executive directors at the market rates for time, commitment and responsibilities. The Board determines payments to non-directors and reviews their remuneration annually, based on market price, duties and accountability. Independent external advice is sought when required (not used during the period). The maximum aggregate amount of fees that can be paid to non-executive directors is $500,000 per annum which has not changed since Archer listed on the ASX in August 2007. These amounts are not linked to the financial performance of the consolidated Group.

However, to align director's interests with shareholder interests, the directors are encouraged to hold shares in Archer.

Each member of the executive team has signed a formal contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on terminations. The standard contract sets out the specific formal job description.

Corporate Governance

The Board has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3rd Edition" (ASX Recommendations). The Board continually monitors and reviews its existing and required policies, charters and procedures with a view to ensuring its compliance with the ASX Recommendations to the extent deemed appropriate for the size of the Company and the status of its projects and activities.

Good corporate governance practices are also supported by the ongoing activities of the Audit & Risk Committee.

The Company's Corporate Governance Statement provides a summary of the Company's ongoing corporate governance practices in accordance with the ASX Recommendations. The Corporate Governance Statement is supported by a number of policies, procedures, code of conduct and formal charters, all of which are located in the Corporate Governance section of the Company's website: www.archerexploration.com.au

Voting and comments made at the Company's 2014 Annual General Meeting

The Company received more than 86% of 'yes' votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Information on Directors' and Management

Greg English
LLB, BE (Mining)
Chairman (executive)

Gerard Anderson
Assoc. Applied Geology,
Grad Dip Bus, MSc
Managing Director

Tom Phillips AM
MBA FAICD
Director (Non-Executive)

Alice McCleary
DUniv, BEc FCA FTIA FAICD
Director (Non-Executive)

Damien Connor
CA GAICD AGIA
CFO / Company Secretary

Greg English is a qualified mining engineer and lawyer. Greg is a partner of Piper Alderman Lawyers and on 1 June 2015 was appointed as Executive Chairman of the Company. Greg is specialised 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 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.

Interest in Shares and Performance Rights
9,076,644 ordinary shares and 250,000 performance rights.

Special Responsibilities
Chairman

Gerard Anderson is a geologist with 40 years of experience including over 21 years in senior exploration and mine management roles including Exploration Superintendent at the Boddington Gold Mine for Worsley Alumina, Chief Geologist at Kalgoorlie Consolidated Mines, General Manager of Golden Grove zinc/copper/lead operations for Normandy and Newmont. He was also General Manager Joint Ventures for Newmont, Managing Director of Croesus Mining NL and Managing Director of Centrex Metals Ltd (both ASX listed).

Interest in Shares and Performance Rights
1,528,041 ordinary shares and 604,459 performance rights.

Special Responsibilities
Managing Director. Member, Audit & Risk Committee

Tom Phillips holds board positions with several not-for-profit Organisations. Tom Chairs the Southern Adelaide Development Board and Flinders Partners Pty Ltd. He's a former director of Australia Post. Tom is a presiding member of Safework SA and former chairman of Safework Australia. Tom was a former Director of UraniumSA Limited.

Tom's extensive experience in Australian industry and his knowledge of international business is a significant asset to the Company.

Interest in Shares and Performance Rights
1,185,346 ordinary shares and 150,000 performance rights.

Special Responsibilities
Member, Audit & Risk Committee

Alice McCleary is a Chartered Accountant. She is Chairman of UraniumSA Limited (ASX listed), a director of Benefund Ltd, Forestry Corporation of South Australia and Adelaide Community Healthcare Alliance Inc (ACHA). She is a member of the South Australian Government's Minerals and Energy Advisory Council. Previous leadership roles include Vice-President of the South Australian Chamber of Mines and Energy (SACOME), Deputy Chancellor of the University of South Australia and National President of the Taxation Institute of Australia. Alice's professional interests include financial management and corporate governance.

Interest in Shares and Performance Rights
2,023,264 ordinary shares and 150,000 performance rights.

Special Responsibilities
Chair Audit & Risk Committee.

Craig Gooden was appointed Company Secretary on 16 February 2007. He retired on 1 August 2014. Mr Gooden provided exceptional service to the Company since before its listing on the ASX.

Damien Connor was appointed Company Secretary on 1 August 2014. Damien performs the financial/accounting role in the Company as well as the secretarial duties. Damien has been a member of the Institute of Chartered Accountants since 2002 and is a Graduate of the Australian Institute of Company Directors and a Member of the Governance Institute of Australia. Damien has been employed in the resources sector since 2005. He also provides Company Secretary and Chief Financial Officer services to two other ASX-listed entities.

Service Agreements

The elements of the Directors and Group's executives' remuneration are set out in employment contracts as follows:

- ***Gerard Anderson, Managing Director/CEO, Archer Exploration Limited***

  Mr Anderson was appointed a non-executive Director of Archer in July 2008 and was appointed as Managing Director and Chief Executive Officer on 25 October 2010. His contract was renewed on 1 July 2013 on the following terms:

  - Contract term: Three years from 1st July 2013 but may be terminated early by either party giving minimum 3 months' notice.
  - Remuneration: $450,000 per annum plus 10% superannuation.
  - Short-term incentive bonus: Discretionary up to 20% of salary each year, is determined with reference to KPI's as set by the Board annually.
  - Long-term incentive bonus: Discretionary up to 15% of base salary per year payable in Company shares, subject to shareholder approval and KPI's including Company share price performance compared with the ASX Small Resources Index.
  - Termination payments: Calculated based on reason for termination, from three months notice plus leave entitlements up to 12 months salary plus leave entitlements.

- ***Greg English, Executive Chairman, Archer Exploration Limited***
  Mr English has been a director of Archer since May 2007 and was appointed as Executive Chairman on 1 June 2015. The terms of his contract are as follows:
  - Contract Term: Permanent employee, no fixed term.
  - Remuneration $265,000 per annum plus 9.50% superannuation.
  - Termination payments: Calculated based on reasons for termination from 4 weeks plus leave entitlements up to 12 months salary plus leave entitlements.

- ***Tom Phillips AM, Non-Executive Director, Archer Exploration Limited***
  Base remuneration.

- ***Alice McCleary, Non-Executive Director, Archer Exploration Limited***
  Base remuneration.

- ***Damien Connor, CFO / Company Secretary Archer Exploration Limited***
  - Contract Term: No fixed term, either party may terminate by providing 3 months notice.
  - Remuneration: Hourly rate.
  - Termination payments: None.

Details of Key Management Personnel Remuneration

The following table outlines persons who are key management personnel of the Company and the nature and amount of the elements of the remuneration of those persons.

2015	Short-term Employee Benefits		Post-employment Benefits	Share Based Payments	Total
Directors	Salary and fees $	Performance bonus $	Superannuation $	Performance Rights $	$
Greg English*	84,869	-	8,062	22,917	115,848
Tom Phillips AM	45,662	-	4,338	13,750	63,750
Alice McCleary	46,385	-	3,615	13,750	63,750
Gerard Anderson	450,000	8,100	45,810	21,027	524,937
Subtotal	626,916	8,100	61,825	71,444	768,285
Key Management Personnel					
Damien Connor**	80,850	-	-	-	80,850
Craig Gooden***	25,200	-	-	-	25,200
Total	732,966	8,100	61,825	71,444	874,335

* In addition, Piper Alderman Lawyers were paid $92,661 (2014: $252,713) during the year for services rendered to the Company. Mr English is a partner at Piper Alderman Lawyers. The fees were at normal commercial rates.

** Damien Connor was appointed on 1 August 2014

*** Craig Gooden resigned on 1 August 2014

The percentage of remuneration received as share based payments were:

Greg English	19.78%	Gerard Anderson	4.01%
Tom Phillips AM	21.57%	Damien Connor	0%
Alice McCleary	21.57%	Craig Gooden	0%

2014	Short-term Employee Benefits		Post-employment Benefits	Share Based Payments	Total
Directors	Salary and fees $	Performance bonus $	Superannuation $	Options $	$
Greg English*	68,650	-	6,350	40,667	115,667
Tom Phillips AM	45,767	-	4,233	24,400	74,400
Alice McCleary	45,767	-	4,233	24,400	74,400
Gerard Anderson	450,000	60,000	51,000	46,292	607,292
Subtotal	610,184	60,000	65,816	135,759	871,759
Key Management Personnel					
Craig Gooden	77,325	-	-	16,267	93,592
Wade Bollenhagen	170,000	15,300	17,140	21,832	224,272
David Lock PhD**	87,260	-	6,552	843	94,655
Total	944,769	75,300	89,508	174,701	1,284,278

* In addition, Piper Alderman Lawyers were paid $252,713 (2013: $Nil) during the year for services rendered to the Company. Mr English is a partner of Piper Alderman Lawyers during the year. The fees were at normal commercial rates. In 2013, Mr English was a partner of Norman Waterhouse Lawyers and they were paid $23,325.

** David Lock resigned effective 1 November 2013.

The percentage of remuneration received as share based payments were:

Greg English	35.16%	Craig Gooden	17.38%
Tom Phillips AM	32.80%	Wade Bollenhagen	9.73%
Alice McCleary	32.80%	David Lock PhD	0.89%
Gerard Anderson	7.62%		

Number of Unlisted Options held by Directors and Key Management Personnel as at 30 June

2015

There were no unlisted options issued during the year ended 30 June 2015.

2014

Key Management Personnel	*Balance 1/07/13*	*Granted as Compensation*	*Options Exercised*	*Options Cancelled/lapsed*	*Net other Changes*	*Balance 30/06/14*	*Total vested*	*Total unvested*
Gerard Anderson	5,000,000	-	(1,250,000)	(3,750,000)	-	-	-	-
David Lock PhD *	75,000	-	-	(75,000)	-	-	-	-
Total	5,075,000	-	(1,250,000)	(3,825,000)	-	-	-	-

Number of Unlisted Performance Rights held by Directors and Key Management Personnel as at 30 June

2015

Key Management Personnel	*Balance on 1/7/14*	*Granted as Compensation*	*Vested*	*Lapsed*	*Balance 30/06/15**	*Total Vested*
Greg English	750,000	-	(125,000)	(125,000)	500,000	-
Tom Phillips AM	450,000	-	(75,000)	(75,000)	300,000	-
Alice McCleary	450,000	-	(75,000)	(75,000)	300,000	-
Gerard Anderson	832,500	-	(228,041)	-	604,459	-
Craig Gooden	300,000	-	(50,000)	(50,000)	200,000	-
Damien Connor	-	-	-	-	-	-
Total	2,782,500	-	(553,041)	(325,000)	1,904,459	-

* On 7 July 2015 959,211 Performance Rights lapsed. The criteria for vesting of these Performance Rights during the performance period 1 July 2014 to 30 June 2015 was not achieved.

2014

Key Management Personnel	*Balance on 1/7/13*	*Granted as Compensation*	*Vested*	*Lapsed*	*Balance 30/06/14**	*Total Vested*
Greg English	-	750,000	-	-	750,000	-
Tom Phillips AM	-	450,000	-	-	450,000	-
Alice McCleary	-	450,000	-	-	450,000	-
Gerard Anderson	-	832,500	-	-	832,500	-
Craig Gooden	-	300,000	-	-	300,000	-
Wade Bollenhagen	-	402,632	-	-	402,632	-
Total	-	3,185,132	-	-	3,185,132	-

* On 4 July 2014 the Company allotted 620,146 fully paid ordinary shares to Directors and Key Management Personnel as a result of the vesting of 50% of the Performance Rights that met the performance conditions for the year ended 30 June 2014. On 4 July 2014, 392,105 Performance Rights to Directors and Key Management Personnel lapsed.

Number of shares held by Directors and Key Management Personnel as at 30 June

2015 Key Management Person	Balance on 1/7/14	Received as Compensation	Performance Rights Exercised	Net Other Change	Balance 30/06/15
Greg English	8,951,644	-	125,000	-	9,076,644
Tom Phillips AM	1,110,346	-	75,000	-	1,185,346
Alice McCleary	2,073,264	-	75,000	-	2,148,264
Gerard Anderson	1,300,000	-	228,041	-	1,528,041
Craig Gooden	985,346	-	50,000	-	1,035,346
Damien Connor	-	-	-	-	-
Total	14,420,600	-	553,041	-	14,973,641

2014 Key Management Person	Balance on 1/7/13	Received as Compensation	Options Exercised	Net Other Change	Balance 30/06/14
Greg English	8,951,644	-	-	-	8,951,644
Tom Phillips AM	1,110,346	-	-	-	1,110,346
Alice McCleary	2,073,264	-	-	-	2,073,264
Gerard Anderson	50,000	-	1,250,000	-	1,300,000
Craig Gooden	985,346	-	-	-	985,346
Wade Bollenhagen	240,000	-	-	-	240,000
Total	13,410,600	-	1,250,000	-	14,660,600

Employment contract of the Executive Chairman and Managing Director

Name	Position	Duration of Contract	Period of Termination Notice	Termination Payment provided for under the contract
Greg English	Executive Chairman	No fixed term [2]	Immediate [3]	4 weeks
Gerard Anderson	MD/CEO	36 Months [1]	Immediate [3]	up to 12 months

Note [1] Contract commenced 1 July 2013

[2] Contracted permanent employee with no fixed term.

[3] For termination with good cause.

End of Audited Remuneration Report.

Meetings of Directors

During the financial year, 12 meetings of the Board of Directors were held. Attendances by each Director were as follows:

Name	Number of Directors meetings whilst a Director	
	Held	Attended
Greg English	12	12
Tom Phillips AM	12	12
Alice McCleary	12	12
Gerard Anderson	12	12

Two meetings of the Audit & Risk Committee were held during the year. The members being Alice McCleary as Chair, Gerard Anderson and Tom Phillips all attended both meetings. The Company has not formed a Remuneration Committee or a Corporate Governance Committee. The Board as a whole considers these matters. The Board considers this appropriate given the size and nature of the Company at this time.

Options

There were no outstanding options at the date of this Annual Report.

Performance Rights

The following table details performance rights that remain unvested as at the date of this report. See Note 14 for further details regarding performance rights.

Grant Date	Type	Exercise Price	Expiry Date	Vested	Lapsed	Unvested	Number of shares subject to remaining unvested performance rights
21 November 2013	Unlisted	$Nil	31 July 2016	553,041	1,075,000	1,154,459	1,154,459
17 December 2013	Unlisted	$Nil	31 July 2016	104,605	313,816	209,211	209,211
				657,646	1,388,816	1,363,670	1,363,670

Proceedings on Behalf of Company

As far as the Directors' are aware, no person has applied to the Court for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnification and Insurance of Directors and Officers

The Company's Constitution provides that the Company indemnifies, on a full indemnity basis and to the full extent permitted by law, officers of the Company for all losses or liabilities incurred by the person as an officer of the Company or a related body corporate. In conformity with the Constitution, the Company is party to Deeds of Indemnity in favour of each of the Directors referred to in this report who held office during the year.

The Company has paid premiums to insure each of the directors, officers and consultants against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or executive of the company, other than conduct involving wilful breach of duty or a lack of good faith in relation to the company. The policy does not specify the individual premium for each officer covered and the amount paid is confidential. Since the end of the year the Company has paid, or agreed to pay, premiums in respect of such contracts for the year ending 30 June 2016.

Non-Audit Services

The Board of Directors is satisfied that the provision of the non audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2015:

Taxation services	*$10,100*

Auditor's Independence Declaration

The lead auditor's independence for the year ended 30 June 2015 has been received and can be found on page 46 of the Financial Report.

Signed in accordance with a resolution of the Board of Directors

Greg English
Chairman

Adelaide
Dated this 21st day of September 2015

Auditor's Independence Declaration

Auditor's Independence Declaration

Grant Thornton

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ARCHER EXPLORATION LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Archer Exploration Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 21 September 2015

Financial information

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated Group 2015 $	Consolidated Group 2014 $
Revenues			
Revenues	2	153,458	325,079
Expenses			
Depreciation and amortisation expense		(29,093)	(19,730)
Impairment of exploration assets		(85,168)	(85,165)
Employee benefits expense		(696,470)	(887,088)
Corporate Consultants/Public Relations		(379,585)	(72,522)
Occupancy expense		(39,101)	(40,468)
ASX listing and registry expense		(66,507)	(62,298)
Other expenses		(186,546)	(242,199)
Loss before income tax expense		**(1,329,012)**	**(1,084,391)**
Income tax benefit	3	350,102	409,289
Loss for the year		**(978,910)**	**(675,102)**
Loss attributed to members of the parent entity		**(978,910)**	**(675,102)**
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to members of the parent entity		**(978,910)**	**(675,102)**
		Cents	Cents
Earnings per Share			
Basic loss per share	6	*(1.16)*	*(0.8)*
Diluted loss per share		*(1.16)*	*(0.8)*

The accompanying notes form part of the financial statements.

STATEMENT of FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	Consolidated Group 2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,680,965	5,565,161
Trade and other receivables	8	83,382	103,345
TOTAL CURRENT ASSETS		**1,764,347**	**5,668,506**
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,455,666	1,332,627
Exploration and evaluation expenditure	11	12,160,914	9,226,417
TOTAL NON-CURRENT ASSETS		13,616,580	10,559,044
TOTAL ASSETS		15,380,927	16,227,550
CURRENT LIABILITIES			
Trade and other payables	12	357,097	326,615
Short-term provisions	13	143,125	180,993
TOTAL CURRENT LIABILITIES		**500,222**	**507,608**
NON CURRENT LIABILITIES			
Long-term provisions	13	34,722	19,337
		34,722	**19,337**
TOTAL LIABILITIES		**534,944**	**526,945**
NET ASSETS		**14,845,983**	**15,700,605**
EQUITY			
Issued capital	14	15,730,908	15,706,408
Reserves	15	285,815	186,027
Accumulated losses		(1,170,740)	(191,830)
TOTAL EQUITY		**14,845,983**	**15,700,605**

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

Consolidated Group	*Issued Capital* $	*Retained Earnings* $	*Share Based Payments Reserve* $	*Total* $
Balance at 1 July 2013	**15,456,408**	**101,571**	**381,701**	**15,939,680**
Transactions with owners				
Fair value of share based payments	-	-	186,027	186,027
Shares issued from options exercised	250,000	-	-	250,000
Transfer of share options reserve to retained earnings	-	381,701	(381,701)	-
Transactions with owners	15,706,408	483,272	186,027	16,375,707
Total loss for the year	-	(675,102)	-	(675,102)
Other comprehensive income	-	-	-	-
Balance at 30 June 2014	**15,706,408**	**(191,830)**	**186,027**	**15,700,605**
Transactions with owners				
Fair value of share based payments	-	-	99,788	99,788
Shares issued during the year	24,500	-	-	24,500
Transactions with owners	15,730,908	(191,830)	285,815	15,824,893
Total loss for the year	-	(978,910)	-	(978,910)
Other comprehensive income	-	-	-	-
Balance at 30 June 2015	**15,730,908**	**(1,170,740)**	**285,815**	**14,845,983**

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated Group 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from rental		41,679	76,570
Payments to suppliers and employees		(1,095,291)	(1,118,716)
Interest received		17,950	282,494
Research and Development tax concession		350,102	409,289
NET CASH (USED IN) OPERATING ACTIVITIES	19	**(685,560)**	**(350,363)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(3,042,760)	(2,868,387)
Payments for land and buildings		(146,806)	(21,254)
Payments for plant and equipment		(9,070)	(484)
NET CASH (USED IN) INVESTING ACTIVITIES		**(3,198,636)**	**(2,890,125)**
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from the issue of shares		-	250,000
NET CASH PROVIDED BY FINANCING ACTIVITY		**-**	**250,000**
Net decrease in cash held		(3,884,196)	(2,990,488)
Cash at the beginning of the year		5,565,161	8,555,649
Cash at the end of the financial year	7	**1,680,965**	**5,565,161**

The accompanying notes form part of the financial statements.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Archer Exploration Limited and controlled entities ('Consolidated' or 'Group').

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Archer Exploration Limited is a for profit entity for the purposes of preparing the financial statements. The financial report has been presented in Australian dollars.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Principles of Consolidation

The parent entity controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

A list of controlled entities is contained in Note 9 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included/(excluded) from the date control was obtained/(ceased).

All inter-group balances and transactions between entities in the consolidated group, including any recognised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with those adopted by the parent entity.

Business Combinations

The Group applies the acquisition method in accounting for business combinations.

The acquisition method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the equity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

b) Income Tax

The income tax expense/(revenue) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense/(income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset recognised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Archer Exploration Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2007.

c) Property, Plant and Equipment

Property, plant and equipment is carried at cost less where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which are they are incurred.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.
The depreciation rates used for each class of depreciable assets are:

Class of Non Current Asset	*Depreciation Rate*	*Basis of Depreciation*
Plant and Equipment	*10 – 33%*	*Straight Line*
Buildings	*2%*	*Straight Line*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss.

d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Where a decision is made to proceed with development the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transactions costs related instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed determinable payments.

v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

g) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h) Interests in Joint Arrangements

The Consolidated Group's share of assets, liabilities, revenue and expenses of the joint operations are included in the appropriate items of the Consolidated Financial Statements. Details of the Consolidated Group's interest is shown in Note 16.

i) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for these benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Equity Settled Compensation

The Company provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company currently provides benefits under an Employee Share Option Plan and a Performance Rights Plan.

The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

i) the extent to which the vesting period has expired; and

ii) the number of awards that, in the opinion of the directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and rights is reflected as additional share dilution in the computation of earnings per share

j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

l) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o) Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation of the current financial year.

p) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Group.

Key estimates

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value–in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Impairment was recognised in respect of non-current assets for the year ended 30 June 2015 $85,168 expensed (2014: $85,165).

Exploration and evaluation

The consolidated entity's policy for exploration and evaluation is discussed at note 1(d). The application of this policy requires the directors to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, the directors conclude that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off though the Statement of Profit or Loss.

q) Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australia Accounting Standards and Interpretations applicable to its operations which became mandatory. Information on the new standards is presented below:

Accounting standards issued but not yet effective and not been adopted early by the Group

The Directors note the following Accounting Standards which have been issued but are not yet effective at 30 June 2015. These standards have not been adopted early by the group. The director's assessment of the impact of these new standards and interpretations is set out below:

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows;
  - The change attributable to changes in credit risk are presented in other comprehensive income (OCI) and;
  - The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The impairment requirements of AASB 9 may have impact on some of the investment classifications, which at this point in time management has yet to assess the full impact.

AASB 15 Revenue from Contracts with Customers (2014)

AASB 15:

- replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:
- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

r) Going Concern basis of accounting

This financial report has been prepared on the basis of going concern.

The cash flow projections of the Group indicate that it will require additional capital for continued operations. The Group incurred a net loss of $978,910 (2014: loss of $675,102) and operations were funded by a net cash outlay of $3,884,196 (2014: outlay of $2,990,488).

The Group's ability to continue as a going concern is contingent on obtaining additional capital through either an equity capital raise, asset sale or a combination of both. If additional capital is not obtained, then going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

The financial report was authorised for issue on 21 September 2015 by the Board of Directors.

	Consolidated Group	
	2015	*2014*
	$	*$*
NOTE 2 – REVENUE		
Operating activities		
- Rental income	39,380	42,585
- Interest received	96,128	282,494
- Gain on the sale of plant and equipment	17,950	-
Total Revenue	153,458	325,079
NOTE 3 – INCOME TAX BENEFIT		
a) The components of income tax benefit comprise:		
Current tax	350,102	409,289
	350,102	409,289
b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows 30% (2014 : 30%):		
Net loss	(1,329,012)	(1,084,391)
Prima facie tax benefit from ordinary activities before income tax at 30%	(398,704)	(325,317)
	(398,704)	(325,317)
Research and development tax concession	350,102	409,289
Tax effect of temporary differences not brought to account as they do not meet the recognition criteria	398,704	325,317
Income Tax attributable to operating loss	350,102	409,289
c) Unused tax losses for which no deferred tax asset has been recognised at 30%	2,697,896	1,546,598

NOTE 4 – KEY MANAGEMENT PERSONNEL REMUNERATION

a) Names and positions held of consolidated entity key management personnel in office at any time during the financial year are:

Mr Greg English	*Chairman – Executive*	*appointed Executive Chairman 1 June 2015*
Mr Tom Phillips AM	*Director – Non-executive*	
Ms Alice McCleary	*Director – Non-executive*	
Mr Gerard Anderson	*Director – Executive*	
Mr Damien Connor	*Company Secretary*	*appointed 1 August 2014*
Mr Craig Gooden	*Company Secretary*	*resigned 1 August 2014*

Other than those employees of the company listed above there are no additional management personnel.

b) Key Management Personnel Compensation

Refer to the Remuneration Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP).

The aggregate remuneration made to KMP of the Group during the year are as follows:

	2015	*2014*
	$	*$*
Short term benefits	741,066	1,020,069
Post employment benefit	61,825	89,508
Share - based payments	71,444	174,701
	874,335	1,284,278

	Consolidated Group	
	2015 $	2014 $
NOTE 5 – AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- auditing or review of the financial report	27,500	26,250
- other services provided by the practice of the auditor	10,100	6,550
	37,600	32,800
NOTE 6 – EARNINGS PER SHARE		
Reconciliation of earnings to Loss		
Loss for year used to calculate basic EPS	(978,910)	(675,102)
	Number	Number
a) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	84,363,887	83,088,790
NOTE 7 – CASH AND CASH EQUIVALENTS	$	$
Short term deposits	1,050,000	5,450,000
Cash at bank and on hand	630,965	115,161
Total Cash at bank and on hand	1,680,965	5,565,161
The effective interest rate on short term bank deposits at 30 June 2015 is 2.95%. These deposits have an average maturity term of 100 days. The Group's exposure to interest rate risk is summarised at Note 23.		
NOTE 8 – TRADE AND OTHER RECEIVABLES		
CURRENT		
Prepayments	11,266	11,091
Other receivables	72,116	92,254
	83,382	103,345
At 30 June 2015 the consolidated entity did not have any receivables which were outside normal trading terms (past due but not impaired).		

NOTE 9 – INVESTMENTS IN CONTROLLED ENTITIES

		Percentage Owned	
	Country of Incorporation	2015 %	2014 %
Parent Entity			
- Archer Exploration Limited	Australia	-	-
Subsidiaries of Archer Exploration Limited:			
- Pirie Resources Pty Ltd	Australia	100	100
- Archer Pastoral Company Pty Ltd	Australia	100	100
- Leigh Creek Magnesite Pty Ltd	Australia	100	100
- Archer Energy & Resources Pty Ltd	Australia	100	100
- SA Exploration Pty Ltd	Australia	100	100
- CH Magnesite Pty Ltd	Australia	100	100

	Consolidated Group	
	2015	*2014*
	$	*$*
NOTE 10 – PROPERTY, PLANT AND EQUIPMENT		
a) Plant and Equipment at cost	214,795	270,171
Accumulated depreciation	(145,995)	(181,604)
	68,800	88,567
Movements in carrying amounts:		
Balance at the beginning of the year	88,568	127,980
Additions	35,047	485
Disposals	(12,350)	-
Depreciation	(42,465)	(39,898)
Balance at 30 June	68,800	88,567
b) Land at cost	1,195,533	1,048,727
Movements in carrying amounts:		
Balance at the beginning of the year	1,048,727	1,038,474
Additions	146,806	10,253
Balance at 30 June	1,195,533	1,048,727
c) Buildings at cost	200,000	200,000
Accumulated depreciation	(8,667)	(4,667)
	191,333	195,333
Movements in carrying amounts:		
Balance at the beginning of the year	195,333	200,000
Depreciation	(4,000)	(4,667)
Balance at 30 June	191,333	195,333
Total property, plant and equipment	1,455,666	1,332,627
NOTE 11 – EXPLORATION AND EVALUATION EXPENDITURE		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation at cost	12,160,914	9,226,417
	12,160,914	9,226,417
Movements in carrying amounts:		
Exploration and evaluation		
Balance at the beginning of the year	9,226,417	6,421,739
Amounts capitalised during the year	3,019,665	2,889,843
Impairment expense during the year	(85,168)	(85,165)
Balance at 30 June	12,160,914	9,226,417

During the year $17,371 (2014: $24,168) of equipment depreciation was included in the amount capitalised as exploration and evaluation.

A summary by tenement is included at *Note 16*.

	Consolidated Group 2015 $	2014 $
NOTE 12 – TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured liabilities:		
Trade payables	236,957	222,116
Other creditors and accruals	120,140	104,499
	357,097	326,615
NOTE 13 – PROVISIONS		
CURRENT		
Employee entitlements	143,125	113,993
Provision for remuneration bonus	-	67,000
	143,125	180,993
NON-CURRENT		
Employee entitlements	34,722	19,337
NOTE 14 - ISSUED CAPITAL		
84,520,409 (2014: 83,612,763) fully paid ordinary shares	15,730,908	15,706,408
30 June 2015	*Number*	*$*
Issued and paid up capital		
Fully paid ordinary shares	84,520,409	15,730,908
Movements in fully paid shares		
Balance as at 1 July 2014	83,612,763	15,706,408
Shares issued from vested performance rights	657,646	-
Shares issued as consideration for title of EL4693	250,000	24,500
Balance as at 30 June 2015	84,520,409	15,730,908
30 June 2014	*Number*	*$*
Issued and paid up capital		
Fully paid ordinary shares	83,612,763	**15,706,408**
Movements in fully paid shares		
Balance as at 1 July 2013	82,362,763	15,456,408
Shares issued from the exercise of options	1,250,000	250,000
Balance as at 30 June 2014	83,612,763	15,706,408

NOTE 14 - ISSUED CAPITAL *continued*

b) Options on issue

There were no outstanding options on issue at the year end.

c) Performance Rights on issue

Details of the performance rights outstanding as at the end of the year are set out below:

Granted	*Total Granted*	*Expiry Date*	*Exercise Price*	*Total Vested*	*Total Lapsed*	*Balance at 30 June 2015*
21/11/2013	2,782,500	31/07/2016	Nil	553,041	325,000	1,904,459
19/12/2013	627,632	31/07/2016	Nil	104,605	104,605	418,422
	3,410,132			657,646	429,605	2,322,881

During the year ended 30 June 2015 657,646 performance rights vested and were exercised into fully paid ordinary shares of the Company and 429,605 performance rights lapsed.

d) Capital Management

The Group has no externally imposed capital requirements.

NOTE 15 - RESERVES

	Consolidated Group	
	2015	*2014*
	$	*$*
Share based payment reserve	285,815	186,027

The share based payments reserve records items recognised as an expense on valuation of employee share options and performance rights.

NOTE 16 - TENEMENTS

	Consolidated Group	
	2015	*2014*
	$	*$*

The Company's interest in tenements are as follows:
All tenements are within South Australia

Project	*Tenement*	*Commodity*	*Carrying value $*	*Carrying value $*
Worlds End	EL 5418	Base Metals	470,939	454,175
Carappee Hill	EL 4861	Graphite	1,403,211	1,241,174
North Burra	EL 5433	Base Metals	524,537	512,845
North Cowell	EL 5434	Base Metals	371,852	361,058
Australia Plains[1]	EL 4482	Base Metals	-	70,584
Wildhorse Plain[2]	EL 4693	Graphite	7,302,338	5,821,525
Napoleans Hat	EL 4668	Gold	72,016	67,517
Mt Shannon	EL 4673	Graphite	-	-
Eudunda[1]	EL 4840	Industrial Minerals	-	6,544
Cleve West	EL 4893	Graphite	427	-
Ediacara	EL 4869	Barite	44,703	29,025
Ediacara	PELA 567	Petroleum	3,634	3,634
Wichelina	EL 4729	Magnesite	110,691	65,769
Termination Hill	EL 4567	Magnesite	890,355	576,467
Spring Creek	EL 5440	Base Metals	62,490	10,901
Mt Messenger	EL 5383	Graphite	10,309	4,014
Collaby Hill	EL 5553	Base Metals	9,354	695
Waddikee[3]	EL 4662	Graphite	884,058	490
			12,160,914	9,226,417

[1] *Tenement was relinquished during the year.*
[2] *During the year the title to EL 4693 was transferred to the Company from its joint venture partner UraniumSA Limited. Under the terms of the Joint Venture agreement, Archer has rights to 100% of any minerals excluding Uranium.*
[3] *Tenement was acquired during the year.*

All tenements are owned 100%.

NOTE 17 - CAPITAL AND OTHER EXPENDITURE COMMITMENTS

	Consolidated Group 2015 $	Consolidated Group 2014 $
Capital commitments relating to tenements		
The consolidated group is required to meet minimum expenditure requirements of various Australian Government bodies. These obligations are subject to re-negotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.		
Exploration expenditure commitments		
- Expenditure commitment	1,630,000	952,500
Property commitments		
Expenditure commitments		
- Purchase of Campoona Land*	250,000	390,000
- Purchase of Waddikee EL 4662**	-	290,000
	250,000	680,000

* Amount payable is subject to completion conditions as prescribed in the Heads of Agreement between the Company and the vendor.

** Approvals were granted and the amount was settled during the year ended 30 June 2015.

NOTE 18 - OPERATING SEGMENTS

Segment Information

The Directors have considered the requirements of AASB 8 - Operating segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources have concluded at this time there are no separately identifiable segments.

NOTE 19 - CASH FLOW INFORMATION

	Consolidated Group 2015 $	Consolidated Group 2014 $
a) Reconciliation of cash flows from operations with Loss for the year		
Loss for the year	(978,910)	(675,102)
Non cash flows in operating loss		
Depreciation (net of capitalised depreciation)	29,093	19,729
Share based payment - to employees	99,788	186,027
Gain on sale of assets	(17,950)	-
Impairment of exploration assets	85,168	85,165
Changes in assets and liabilities:		
- (Decrease)/Increase in receivables	50,264	(12,640)
- Increase in accounts payable	69,470	35,391
- (Decrease)/Increase in provisions	(22,483)	11,067
Net cash provided by operating activities	(685,560)	(350,363)

b) Non Cash Financing and Investing Activities

During the year ended 30 June 2015 the Company issued 250,000 shares to UraniumSA Limited on 3 February 2015 as consideration for transfer of 100% of the title to EL 4693 to the Company. No further non cash investing activities were undertaken during the year (2014: none).

c) Business Combinations

There were no non-cash business combinations in 2015 or 2014.

NOTE 20 - SHARE BASED PAYMENTS

Performance Rights

	Consolidated Group 2015 Number of Performance Rights	Consolidated Group 2014 Number of Performance Rights
Balance at the beginning of the period	3,410,132	-
Performance rights granted during the period	-	3,410,132
Performance rights vested during the period	(657,646)	-
Performance rights lapsed/cancelled during the period	(429,605)	-
Balance at the end of the period	2,322,881	3,410,132

The total fair value of for the 3,410,132 rights issued to date is $386,734 and is being expensed over 3 years, commencing on 1 July 2013.

An amount of $99,788 has been included in the Statement of Profit or Loss under employee benefits expense for the year ended 30 June 2015 (30 June 2014: $186,027).

NOTE 21 - EVENTS AFTER THE BALANCE SHEET DATE

On 6 July 2015 the Company issued 244,444 fully paid ordinary shares in the Company to a third party consultant as payment for services to the Company. The fair value of the shares was $20,000.

On 7 July 2015 959,211 Performance Rights lapsed. The criteria for vesting of these Performance Rights for the performance period 1 July 2014 to 30 June 2015 was not achieved.

NOTE 22 - RELATED PARTY TRANSACTIONS

a) Subsidiaries

Interests in subsidiaries are disclosed in *Note 9*.

b) Key Management Personnel

Disclosures relating to Key Management personnel are set out in *Note 4* and the Remuneration Report contained within the Directors' Report.

c) Other transactions with related parties

Piper Aderman lawyers were paid a total of $92,661 (2014: $252,713). Greg English is a partner at Piper Alderman Lawyers.

Alice McCleary is a Director of UraniumSA Limited. Refer Note 16 for details of the joint venture between the Group and UraniumSA Limited.

NOTE 23 - FINANCIAL INSTRUMENTS

a) Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payables and loans to and from subsidiaries.

i) Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

ii) Financial Risk Exposure and Management

The main risk the group is exposed to through its financial instruments is interest rate risk.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2015 approximately 63% of group deposits are fixed. It is the policy of the group to keep surplus cash in high yielding deposits.

NOTE 23 - FINANCIAL INSTRUMENTS *continued*

	Weighted Average Effective Interest Rate		Effective Interest Rate		Non Interest Bearing		Total	
	2015 %	2014 %	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Financial Assets								
Cash at bank	2.22%	0.30%	630,965	115,161	-	-	630,965	115,161
Deposits	2.95%	4.02%	1,050,000	5,450,000	-	-	1,050,000	5,450,000
Receivables			-	-	83,382	103,345	83,382	103,345
Total Financial Assets			**1,680,965**	**5,565,161**	**83,382**	**103,345**	**1,764,347**	**5,668,506**
Financial liabilities								
Payables	-	-	-	-	(357,097)	(326,615)	(357,097)	(326,615)
Total Financial Liabilities			-	-	**(357,097)**	**(326,615)**	**(357,097)**	**(326,615)**
Total Net Financial Assets/ (Liabilities)			**1,680,965**	**5,565,161**	**(273,715)**	**(223,270)**	**1,407,250**	**5,341,891**

b) Sensitivity Analysis

Interest Rate and Price Risk

The group has performed a sensitivity analysis relating to its exposure to interest rate risk and price risk at balance date.This sensitivity analysis demonstrates the efffect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2015, the effect on loss and equity as a result of changes in the inerest rate, with all other variables remaing constant would be as follows::

	Consolidated Group	
	2015 $	2014 $
Change in loss		
- Increase in interest rates by 2%	21,000	141,000
- Decrease in interest rates by 2%	(21,000)	(141,000)
Change in equity		
- Increase in interest rates by 2%	21,000	141,000
- Decrease in interest rates by 2%	(21,000)	(141,000)

c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalent and non interest bearing monetary financial assets and financial liabilities of the consolidated entity approximate their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on discounting future cash flows by the current interest rates for assets and liabilities with similar risk profiles. The balances are not materially different from those disclosed in the balance sheet of the consolidated entity.

d) Credit Risk

The maximum exposure to credit risk, excluding the value of ant collareral or othe security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

NOTE 24 - ARCHER EXPLORATION LIMITED PARENT COMPANY INFORMATION

	Parent Entity	
	2015	*2014*
	$	*$*
Parent Entity		
Assets		
Current Assets	1,723,989	5,243,752
Non-current assets		
Loans to subsidiaries	6,690,243	3,873,712
Investments in subsidiaries	26,624	26,623
Other non-current assets	68,800	88,567
Total assets	8,509,656	9,232,654
Liabilities		
Current Liabilities		
Loans to subsidiaries	304,237	252,222
Non current Liabilities	34,722	19,337
Total Liabilities	338,959	271,559
Equity		
Issued Capital	15,730,908	15,706,406
Reserves	285,815	186,027
Retained Earnings	(7,846,026)	(6,931,338)
Total Equity	8,170,697	8,961,095
Financial Performance		
Loss for the year	(914,688)	(621,283)
Other comprehensive income	-	-
Total comprehensive income	(914,688)	(621,283)

Guarantees in relation to relation to the debts of subsidiaries

Archer Exploration Limited has not entered into a deed of cross guarantee with it wholly-owned subsidiaries Pirie Resources Pty Ltd, Archer Pastoral Company Pty Ltd, Leigh Creek Magnesite Pty Ltd, Archer Energy & Resources Pty Ltd, SA Exploration Limited and CH Magnesite Pty Ltd

Contingent Liabilities

Archer Exploration Limited has no contingent liabilities as at 30 June 2015 (2014: Nil)

Contractual Commitments		
Purchase of Campoona land*	250,000	390,000

* Remaining amount payable is subject to completion conditions as prescribed in the Heads of Agreement between the Company and the vendor.

Directors' Declaration

Directors' Declaration

The Directors of the Company declare that:

1 the Financial Statements and Notes as set out on pages 48 to 67 are in accordance with the *Corporations Act 2001* and:

   a) comply with Australian Accounting Standards and International Financial Reporting Standards as disclosed in Note 1; and

   b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Company and Consolidated Group;

2 the Managing Director and the Chief Financial Officer have each declared that:

   a) the financial records of the Company for the year ended have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   c) the financial statements and notes give a true and fair view;

3 in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Greg English
Chairman

Adelaide
Dated this 21st September 2015

Independent Audit Report

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67 Greenhill Rd
Wayville SA 5034

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHER EXPLORATION LIMITED

Report on the financial report

We have audited the accompanying financial report of Archer Exploration Limited (the "Entity"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Entity and the entities it controlled at the year's end or from time to time during the financial year.

Director's responsibility for the financial report

The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion,

a the financial report of Archer Exploration Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as going concern

Without qualifying our opinion, we draw attention to Note 1 (r) in the financial report which indicates that the consolidated entity incurred a net loss of $978,910 and operations and investing activities were funded by a net cash outlay of $3,884,196. These conditions, along with other matters as set forth in Note 1 (r) indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Independent Audit Report

Grant Thornton

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion the remuneration report of Archer Exploration Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 21 September 2015

Additional Information

Additional Information

Compiled as at 11 September 2015

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholder Information

Substantial Shareholders

The names of the substantial shareholders in the Company, the number of equity securities to which each substantial shareholder and substantial holder's associates have a relevant interest, as disclosed in substantial holding notices and other notices given to the Company:

Name	*No. of Ordinary Shares*	*%*
Gregory David English	9,076,644	10.70

Distribution of equity securities

Number of security holders by size of holding:

Range	*Shares*	*Unlisted Performance Rights*
1 - 1,000	64	-
1,001 - 5,000	310	-
5,001 - 10,000	344	-
10,001 - 100,000	848	1
100,001 - 999,999,999	105	5
Total	**1,671**	**6**

Unmarketable Parcels	*Minimum parcel size*	*Holders*	*Units*
Minimum $500.00 parcel at $0.09 per unit	5,556	391	1,217,391

Voting Rights

At meeting of members or classes of members:

Ordinary shares

On a show of hands, every person present who is a member or proxy, attorney or representative of a member has one vote.

Unlisted Performance Rights

No voting rights.

Twenty largest holders of each class of quoted equity security

Ordinary Shares

Rank	*Name*	*Units*	*% Issued capital*
1	GDE Exploration (SA) Pty Ltd	7,534,798	8.89
2	JP Morgan Nominees Australia Limited	2,844,630	3.36
3	Mr Peter Irwin	2,200,000	2.60
4	Ms Alice McCleary + Mr Brian John McCleary	2,003,264	2.36
5	Deborah Annette Rossiter	1,883,679	2.22
6	Mr Heung Ming Lam	1,557,775	1.84
7	Mr Gerard Anderson + Mr Shane Anderson	1,478,041	1.74
8	EAP Nominees Pty Ltd	1,185,346	1.40
9	Clockwell Pty Ltd	1,070,351	1.26
10	R J Muffet Pty Ltd	1,000,000	1.18
11	UBS Wealth Management Australia Nominees Pty Ltd	994,429	1.17
12	Zanview Pty Ltd	908,189	1.07
13	Ebit Strategy Pty Ltd	882,977	1.04
14	Navigator Australia Ltd	871,839	1.03
15	GDE Exploration (SA) Pty Ltd	805,346	0.95
16	Invia Custodian Pty Limited	787,120	0.93
17	GDE Exploration (SA) Pty Ltd	736,500	0.87
18	Mr Timothy James Christensen	670,650	0.79
19	Mr Lewis Chen + Mrs Ka Man Chan	591,381	0.70
20	Mr Neville Robert Stevens	585,351	0.69
Total		**30,591,666**	**36.09**

Corporate Governance Statement

For the Year Ended 30 June 2015

The Corporate Governance Statement for the Group is located in the Corporate Governance section of the Company's website at: www.archerexploration.com.au.

Corporate Directory

Archer Exploration Limited
ABN 64 123 993 233

Directors
Greg English
Chairman (executive)

Gerard Anderson
Managing Director

Tom Phillips AM
Director (Non-Executive)

Alice McCleary
Director (Non-Executive)

Company Secretary
Damien Connor

Registered Office
Level 1, 28 Greenhill Road
Wayville SA 5034
Telephone +61 8 8272 3288
Facsimile +61 8 8272 3888
www.archerexploration.com.au

Share Registry
Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000
GPO Box 1903 Adelaide SA 5001
Investor Enquiries (within Australia):
1300 556 161
Facsimile +61 8 8236 2305

Auditors
Grant Thornton Audit Pty Ltd
Level 1, 67 Greenhill Road
Wayville SA 5034

Solicitors
Piper Alderman
Level 16, 70 Franklin Street
Adelaide SA 5000

Bankers
National Australia Bank
Level 1, 22 King William Street
Adelaide SA 5000

Australian Securities Exchange:
ASX code: AXE