

ARCHER EXPLORATION LIMITED & CONTROLLED ENTITIES
ABN 64 123 993 233



Financial Report

Half-year ended
31 December 2015

ARCHER EXPLORATION LIMITED & CONTROLLED ENTITIES

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ARCHER EXPLORATION LIMITED & CONTROLLED ENTITIES

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DIRECTORS' REPORT

Your Directors present the financial report for Archer Exploration Limited and its consolidated entities ("Group") for the half-year ended 31 December 2015.

Directors

The names of each person who has been a Director during this period and to the date of this report are:

- Gregory David English
- Thomas Robin Phillips AM
- Alice McCleary
- Gerard Anderson
- Paul Rix (appointed 8th February 2016)

Company Secretary

- Damien Connor

Review of Operations

During the half-year ended 31 December 2015 the Group incurred a loss of \$73,777 (2014: loss \$329,606).

Development activities during the six months ended 31 December 2015 focused primarily on the Campoona Mining Lease Proposal and on the Leigh Creek Magnesite deposits. Exploration activities included barite at Beltana (near Leigh Creek), copper exploration at Spring Creek and gold exploration on the Company's Wonna gold prospect. Research activities included further investigation into the soil amelioration properties of the Sugarloaf carbon deposit. Research in collaboration with the University of Adelaide demonstrated that >99.9% pure graphene could be produced from high grade Campoona graphite concentrates. All projects are located in South Australia.

The following summary lists the operational activities for the half-year ended 31 December 2015:

GRAPHITE

Campoona Mining Lease Proposal

- The Draft Mining Lease Proposal (MLP) covering the establishment of the Campoona Shaft mine, the mineral processing facility at Sugarloaf and process and potable water supplies was submitted to regulators on 14th May 2015 for review.

During the period further feedback was received from the various regulators and that feedback incorporated into the Final MLP. The pegging and application processes for the Mineral Claim and two miscellaneous purpose licences have been completed and the applications await submission.

All of the studies supporting the MLP were carried out assuming a 140,000tpa ore treatment rate, that is, the maximum rate which potentially has the greatest likelihood of impacting the local community and local environment. The studies highlight the small operational footprint and the low impact on the community and environment whilst at the same time providing significant benefits for the local community and region.

Whilst the MLP covered the likelihood of commencing at a lower production rates and expanding throughput in response to marketing opportunities, the Company will modify the MLP prior to final submission to expressly include an initial small-scale operation. The initial small-scale phase will limit the capital requirement during the product accreditation phase and importantly will include the ability to convert some or all of the graphite produced into very high purity graphene.

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Graphene Research

- Archer received a formal report from a joint graphene research program funded by Archer through the University of Adelaide's School of Chemical Engineering under the direction of Professor Dusan Losic. The aim of the research is in part the development of scalable production of graphene from Campoona and broader industrial, environmental and agricultural applications for the Company's other nearby graphite deposits.

The research work confirmed the ability of Campoona graphite concentrates to produce pure graphene (>99.9% C) which has outstanding electrical properties that could be used in high-tech applications including in solar cells, photovoltaics, wearable/printable electronics, supercapacitors, batteries and sensors.

The results present the Company with an exciting opportunity. Worldwide there is an enormous research effort aimed at commercialising graphene products especially high-tech applications that demand exceptional electrical conductivity that Campoona graphene can achieve.

Sugarloaf Carbon Deposit

- Previous test work by Archer identified that Sugarloaf samples were high in carbon but that much of the carbon was non-graphite carbon. SEM imaging reveals the carbon to be present as matted porous carbon. The carbon does exhibit a degree of lubricity which can be attributed to the presence of some crystalline graphite.

It was the revelation that Sugarloaf had unique and unusual properties that prompted research in collaboration with the School of Chemical Engineering at the University of Adelaide under Professor Dusan Losic and Researcher Dr Diana Tran.

The initial research work included elemental determination, quantifying nutrient release performance, estimation of soil wettability characteristics and in preliminary plant trials. These results were released in the September 2015 Quarter and included in the Company's September 2015 Quarterly Activity Report.

The next phase of the research set to commence in Quarter 1 calendar 2016 will focus on quantifying the soil conditioning properties of raw and upgraded carbon products with a particular emphasis on identifying opportunities in soil amelioration and soil remediation applications.

ELA 2015/00215

- Archer successfully applied for ground formerly covered by EL3609 Cockabidnie which had been relinquished and become available for mining. The principal exploration target is a several kilometer extension of the Sugarloaf carbon deposit. Importantly the ELA also covers known extensions to the Central Campoona graphite deposit that is planned to be mined following the Campoona Shaft mine.

LEIGH CREEK MAGNESITE

- During the Quarter, Archer undertook additional magnesite test work and commenced negotiations both with third parties regarding infrastructure access and also with the government regarding the permitting of Archer's Leigh Creek Magnesite Project.

Bench-scale batch tests were conducted to determine whether Archer Exploration's Leigh Creek magnesite could be a viable feedstock for caustic calcined magnesia (CCM) production. Calcination tests were conducted under various conditions, followed by reactivity testing of the product calcines. The results were analysed using Differential Thermogravimetric Analysis (DTA) which indicated that the Archer magnesite was likely to respond normally to calcination. The

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magnesite sample also did not show appreciable signs of decrepitation during calcination. Archer is in the process of sourcing a pilot scale calciner and undertake a larger bulk sample calcination test early this year.

Archer has been in negotiations with several parties regarding access to the infrastructure required to develop the magnesite project. The existing infrastructure is open to third party access meaning that Archer should be able to develop the project without having to construct expensive infrastructure such as rail.

SPRING CREEK COPPER

- Archer is in discussions with SA Water regarding access to drill what the Company believes are extensions to the historic high grade copper workings at the historic Spring Creek copper mine located 30km south of the township of Wilmington, South Australia.

The Company was granted access during 2015 to conduct underground face sampling. Three separate drives were sampled to 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.

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 ($\text{CuCO}_3 \cdot \text{Cu(OH)}_2$) and azurite ($2\text{CuCO}_3 \cdot \text{Cu(OH)}_2$). Copper sulphides were never encountered meaning that the primary mineralisation is likely to occur at depth below the flooded workings. Archer expects that because of this “unmined” high grade copper mineralisation is likely to be found below the stopes.

Archer prepared a drilling proposal and presented that proposal to SA Water. The drilling proposal outlined the drilling of up to seven shallow (<70m) small diameter BQ (36.5mm ID) from one location 40 metres in from the portal. The holes were designed to avoid the water reservoir and would be drilled dry without drill additives and grouted immediately each drill hole reached target depth. The drilling proposal is still being considered by SA Water who have indicated that they are not prepared to accept the proposal in its current form. Archer will continue to work with SA Water to try to reach a suitable resolution.

BELTANA BARITE

- The Beltana barite (BaSO_4) prospect within EL 4869 hosts a number of barite veins varying in width from 0.2m to >1m and strike over many 100's of metres.

Barite is used extensively in oil and gas drilling where its chemical properties and high specific gravity are used to reduce the risk of blow-outs.

The American Petroleum Standards for barite have four critical requirements namely;

- a density of 4.2 g/ml (minimum);
- water-soluble alkaline earth metals as calcium of 250 mg/kg (maximum)
- residue greater than 75 microns (maximum mass fraction 3%), and
- particles less than 6 microns in equivalent spherical diameter (maximum mass fraction 30%).

Test work to date indicates that the material present as veins in the areas mapped is of a standard for drilling grade products.

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WONNA GOLD

- Rock chip sampling returned encouraging gold results from recent rock chip sampling at the Wonna Prospect which is part of the Watervale / Wonna Gold Project area located approximately 60km NNE from the township of Burra, South Australia.

The gold at Wonna and Watervale is hosted in quartz veins within sandstones. The most significant results from the latest testing at Wonna come from quartz vein samples which returned 8.88 g/t gold (Sample WN291015_001) and 1.91 g/t gold (sample WN291015_002). Samples collected to the northwest reported minor gold up to 0.18 g/t (sample WN291015_003).

EVENTS SUBSEQUENT TO REPORTING DATE

There are no material events subsequent to the half-year ended 31 December 2015.

Auditor's Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors.

Greg English
Executive Chairman



Adelaide

Dated this 17th day of February 2016

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 eighteen years' experience in the field of activity being reported. Mr Bollenhagen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 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.

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AUDITOR'S INDEPENDENCE DECLARATION



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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 half-year ended 31 December 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

A handwritten signature in blue ink, appearing to read "J L Humphrey".

J L Humphrey
Partner – Audit & Assurance

Adelaide, 17 February 2016

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

		CONSOLIDATED GROUP	
		31 Dec	31 Dec
		2015	2014
		\$	\$
REVENUES FROM ORDINARY ACTIVITIES			
Income	2	38,516	81,363
EXPENSES FROM ORDINARY ACTIVITIES			
Depreciation and amortisation expense		(10,173)	(12,199)
Employee benefits expense		(334,760)	(258,672)
ASX listing and share registry expense		(31,996)	(41,713)
Consulting expense		(19,429)	(63,373)
Other expenses from ordinary activities		(261,435)	(385,114)
LOSS BEFORE INCOME TAX EXPENSE		(619,277)	(679,708)
Income tax benefit – R&D tax concession		545,500	350,102
LOSS FOR THE PERIOD		(73,777)	(329,606)
LOSS ATTRIBUTED TO MEMBERS OF THE PARENT ENTITY		(73,777)	(329,606)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(73,777)	(329,606)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		(73,777)	(329,606)
		Cents	Cents
Basic loss per share		(0.09)	(0.40)
Diluted loss per share		(0.09)	(0.40)

The accompanying notes form part of the financial statements.

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STATEMENT OF FINANCIAL POSITION – AS AT 31 DECEMBER 2015

		CONSOLIDATED GROUP	
	NOTES	31 Dec	30 June
		2015	2015
ASSETS		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,059,533	1,680,965
Trade and other receivables		57,632	83,382
Total current assets		<u>1,117,185</u>	<u>1,764,347</u>
NON-CURRENT ASSETS			
Property, plant and equipment		1,442,708	1,455,666
Exploration and evaluation expenditure	3	12,567,903	12,160,914
Total non-current assets		<u>14,010,611</u>	<u>13,616,580</u>
TOTAL ASSETS		<u>15,127,796</u>	<u>15,380,927</u>
CURRENT LIABILITIES			
Trade and other payables		174,041	357,097
Short-term provisions		191,960	143,125
Total current liabilities		<u>366,001</u>	<u>500,222</u>
NON-CURRENT LIABILITIES			
Long-term provisions		388	34,722
Total non-current liabilities		<u>388</u>	<u>34,722</u>
TOTAL LIABILITIES		<u>366,389</u>	<u>534,944</u>
NET ASSETS		<u>14,761,407</u>	<u>14,845,983</u>
EQUITY			
Issued capital	4	15,752,908	15,730,908
Reserves		253,016	285,815
Retained earnings		(1,244,517)	(1,170,740)
TOTAL EQUITY		<u>14,761,407</u>	<u>14,845,983</u>

The accompanying notes form part of the financial statements.

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STATEMENT OF CHANGES IN EQUITY – FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued Capital	Retained Earnings	Share Based Payments Reserve	Total
	\$	\$	\$	\$
BALANCE AT 1 JULY 2014	15,706,408	(191,830)	186,027	15,700,605
Fair value of performance rights issued in prior periods	-	-	49,894	49,894
Total comprehensive income for the period	-	(329,606)	-	(329,606)
BALANCE AT 31 DECEMBER 2014	15,706,408	(521,436)	235,921	15,420,893
BALANCE AT 1 JULY 2015	15,730,908	(1,170,740)	285,815	14,845,983
Fair value of shares issued during the period	22,000			22,000
Fair value of performance rights issued in prior periods / (lapsed)	-	-	(32,799)	(32,799)
Total comprehensive income for the period	-	(73,777)	-	(73,777)
BALANCE AT 31 DECEMBER 2015	15,752,908	(1,244,517)	253,016	14,761,407

The accompanying notes form part of the financial statements.

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STATEMENT OF CASH FLOWS – FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED GROUP	
	31 Dec	31 Dec
	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES	\$	\$
Payments to suppliers and employees	(711,288)	(772,181)
Interest received	18,839	62,063
Research & development tax concession	545,500	
Other revenue	(226)	-
NET CASH (USED IN) OPERATING ACTIVITIES	(147,175)	(710,118)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(475,071)	(1,801,640)
Payment for plant and equipment	(28,862)	(7,500)
Receipts from sale of plant and equipment	33,000	-
Payments for land and buildings	(3,304)	-
NET CASH (USED IN) INVESTING ACTIVITIES	(474,237)	(1,809,140)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
Net (decrease) in cash held	(621,412)	(2,519,258)
Cash at beginning of period	1,680,965	5,565,161
CASH AT THE END OF THE PERIOD	1,059,553	3,045,903

The accompanying notes form part of the financial statements.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Archer Exploration Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the half-year.

Significant Accounting Policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2015, except for the application of the following standards as of 1 July 2015:

- AASB 2015, Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 materiality.
- AASB 2013-9, Amendments to Conceptual Framework, Materiality and Financial Instruments
- AASB 2014-1, Amendments to Australian Accounting Standards Part E
- AASB 2014-8, Amendments to Australian Accounting Standards arising from AASB 9.

These standards make changes to a number of existing Australian Accounting Standards and did not result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports.

NOTE 2 – REVENUE

	CONSOLIDATED GROUP	
	6 months to 31 December 2015 \$	6 months to 31 December 2014 \$
Interest income	18,839	62,063
Other income	19,677	19,300
TOTAL REVENUE	38,516	81,363

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 3 – EXPLORATION AND EVALUATION EXPENDITURE	CONSOLIDATED GROUP	
	31 December 2015 \$	30 June 2015 \$
Balance at the beginning of the period	12,160,914	9,226,417
Amounts capitalised during the period	407,649	3,019,665
Amounts expensed during the period	(660)	(85,168)
Balance at the end of the period	12,567,903	12,160,914

NOTE 4 – ISSUED CAPITAL 31 DECEMBER 2015	Number of shares	31 December 2015 \$
(a) issued and paid up capital		
Fully paid ordinary shares	84,764,853	15,752,908
(a) Movements in fully paid shares		
Balance as at 1 July 2015	84,520,409	15,730,908
Shares issued to 3 rd party service provider in lieu of cash	244,444	22,000
Balance as at 31 December 2015	84,764,853	15,752,908

30 JUNE 2015	Number of shares	30 June 2015 \$
(a) issued and paid up capital		
Fully paid ordinary shares	84,520,409	15,730,908
(a) 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

ARCHER EXPLORATION LIMITED & CONTROLLED ENTITIES**ABN: 64 123 993 233****NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015****NOTE 5 – SHARE BASED PAYMENTS**

Performance Rights	31 December 2015	30 June 2015
	Number of Performance Rights	Number of Performance Rights
Balance at the beginning of the period	2,322,881	3,410,132
Vested during the period	-	(657,646)
lapsed/cancelled during the period	(959,211)	(429,605)
Balance at the end of the period	1,363,670	2,322,881

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 from 1 July 2013.

A net credit amount of \$32,799 has been included in the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the half year ended 31 December 2015 (31 December 2014: debit of \$49,894). The \$32,799 credit amount is comprised of an expense of \$18,124, offset by a credit of \$50,923 relating to the write-back of expense recorded in prior periods attributed to performance rights that did not vest and have since lapsed during the reporting period.

NOTE 6 – OPERATING SEGMENTS

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 7 – CONTINGENT LIABILITIES & COMMITMENTS

\$250,000 in respect of land acquisition at Campoona remains unpaid as at the date of this report and is subject to completion conditions prescribed in the Heads of Agreement between the Company and the vendor.

The consolidated entities have minimum expenditure commitments on exploration licenses as per the terms of the exploration licences. If the minimum expenditure on each licence is not met, part of the licence area may be relinquished. There are on-going commitments in relation to the Campoona Graphite project but contracts entered into may be cancelled if circumstances change without the Company incurring financial penalties.

NOTE 8 – GOING CONCERN

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 \$73,777 (2014: loss of \$329,606) and operations were funded by a net cash outlay of \$621,412 (2014: outlay of \$2,519,258). 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.

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DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The Financial Statements and Notes, as set out on pages 8 to 14 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standard AASB 134 Interim Financial Reporting, and
 - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. In the Director's 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 17th day of February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT



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

We have reviewed the accompanying half-year financial report of Archer Exploration Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Archer Exploration Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Archer Exploration Limited consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations

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INDEPENDENT AUDITOR'S REVIEW REPORT-CONTINUED



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Regulations 2001. As the auditor of Archer Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Archer Exploration Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualifying our review conclusion, we draw attention to Note 8 in the half-year financial report which indicates that the company and consolidated entity incurred a net loss of \$73,777 during the half year ended 31 December 2015 and net cash outlay from operating and investing activities of \$621,412. These conditions, along with other matter as set forth in Note 8, indicate the existence of a material uncertainty which may cast significant doubt about the company and consolidated entity's ability to continue as a going concern and therefore, the company and 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 half-year financial report.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink, appearing to read "J L Humphrey".

J L Humphrey
Partner - Audit & Assurance
Adelaide, 17 February 2016

ARCHER EXPLORATION LIMITED & CONTROLLED ENTITIES

ABN: 64 123 993 233

CORPORATE DIRECTORY

DIRECTORS

Greg English – Non-Executive Chairman
Tom Phillips AM – Non-Executive Director
Alice McCleary – Non-Executive Director
Paul Rix – Non-Executive Director
Gerard Anderson – Managing Director

COMPANY SECRETARY

Damien Connor

REGISTERED OFFICE

Level 1
28 Greenhill Road
WAYVILLE SA 5034
Telephone: 08 8272 3288
Fax: 08 8272 3888
Email: info@archerexploration.com.au

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 5
115 Grenfell Street
ADELAIDE SA 5000

AUDITORS

Grant Thornton Audit Pty Ltd
Level 1
67 Greenhill Road
WAYVILLE SA 5034

SOLICITOR

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

The Company is listed on the Australian Securities Exchange

ASX CODE: AXE