

ASX Announcement (ASX:AXE)

28 November 2018

Execution of Sale Agreement for Sugarloaf Farm Land

Highlights

- Execution of binding Sale Agreement for Sugarloaf farm land to the value of \$1.35 million.
 - Archer has realised \$3.35 million cash from the sale of non-core assets in the past 6 months.
 - The upcoming Blue Hills Copper Gold Project drilling and Quantum Technology development work are fully funded.
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Archer Exploration Limited ("Archer", the "Company") (ASX:AXE) is pleased to announce that it has executed a legally binding contract (the "Sale Agreement"), for the sale of the Sugarloaf farm land located near the township of Cleve on South Australia's Eyre Peninsula.

The Sugarloaf farm land is contained within Archer tenement EL 5920 and hosts the Sugarloaf carbon deposit and the proposed site of the Sugarloaf Graphite Processing Facility, which will be used to process the graphite from the nearby Campoona mining lease.

Archer purchased the farm land in April 2013 and at the time of the acquisition, the final size of the Sugarloaf Graphite Processing Facility and associated tailings dam was unknown. Since 2013, Archer has finalised the design and areal extent of the Sugarloaf Graphite Processing Facility, and as a result, the Company has made the decision to sell the Sugarloaf farm land to release funds for drilling and technology development.

Under the terms of the Sale Agreement, Archer will sell the entirety of the Sugarloaf farm land but maintains an option to buy back approximately 30% of the Sugarloaf farm land, which will be required for the construction of the Sugarloaf Graphite Processing Facility. The option to buy back part of the land can be exercised by Archer any time during the next 20 years.

Commenting on the transaction, **Archer Chairman Greg English stated:** "The sale of the entirety of the Sugarloaf farm land, importantly allows Archer to free up capital that can be used to fund our upcoming drill program at Blue Hills and the Quantum Technology development work."

"With the sale of the Sugarloaf farm land and the sale Leigh Creek Magnesite Project in July 2018¹, the Company has now realised \$3.35 million in asset sales during the past 6 months and we are constantly identifying new opportunities to monetise non-core assets. Archer continues to be well funded and we look forward to announcing the results from our upcoming RC drill program at Blue Hills and the Quantum Technology development work."

¹ Refer to ASX announcement dated 2 July 2018.

Key terms of the legally binding land Sale Agreement include:

- Sale price of \$1.35 million (excluding GST) with a 10% deposit already paid and the remaining 90% (i.e. \$1.215 million plus GST) payable at settlement.
- Settlement is scheduled to take place on 1 July 2019.
- Settlement is subject to (the "Condition") the buyer obtaining finance by 1 February 2019 ("End Date"). If the Condition is not satisfied or waived by the buyer by the End Date, then the buyer can terminate the agreement and Archer must refund the 10% deposit.
- Archer subsidiary company Pirie Resources Pty Ltd ("Pirie") has been granted an option (the "Option") to purchase the part the land that it requires to construct and operate the Sugarloaf Graphite Processing Facility. The Option may be exercised by Pirie at any time before 4 December 2038. On exercise of the Option, Pirie agrees to purchase that part of the land that it requires for a price approximately equal to 1.33 times market value, adjusted for CPI.
- The purchaser has agreed to enter into land access and compensation agreements with Archer subsidiary companies Pirie and Archer Energy and Resources Pty Ltd to allow these companies to access the land for exploration and other purposes permitted under the South Australian Mining Act.

About Archer Exploration

Archer provides shareholders exposure to innovative technologies and the advanced materials that underpin them. The Company has a focused strategy targeting globally relevant advanced materials markets of human health, reliable energy, and quantum technology. Archer is well positioned to execute on its strategy.

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Shareholders

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