

ASX Announcement ([ASX: AXE](#))

24 November 2021

Chairman's 2021 AGM address

Good morning and welcome to the fourteenth Annual General Meeting of Archer Materials Limited. We are fortunate that yesterday's relaxation of the South Australian COVID restrictions means that we can hold the AGM in person. At Archer, we are lucky to have a large group of supportive and loyal shareholders. The in-person AGM allows the Board and management to interact and talk with shareholders.

This is our first AGM as a pure-play deep tech company after completing the sale of our mineral exploration business to iTech Minerals Ltd. When initially looking to sell the mineral exploration business to iTech, we had the choice to either keep the proceeds from the sale within Archer or to distribute the proceeds to Archer shareholders. Over the years, Archer shareholders have been supportive of our mineral exploration projects. The in-specie distribution of the iTech shares to all Archer shareholders allows shareholders to maintain exposure to the mineral exploration business through their iTech shareholding while retaining their Archer shares. Today, we note that the iTech share price is greater than the \$0.20 at listing, which is an excellent outcome for Archer shareholders.

With the sale of our mineral exploration business, we are now solely focused on growth as a technology company, currently comprising the 12CQ quantum computer chip and the 'lab-on-a-chip' biochip technologies. We are the only ASX listed company with a focus on quantum computing. As a result, we have spent a lot of time educating shareholders, investors and brokers on the importance of quantum technologies and the future market opportunities for Archer's technology.

Over the past few years, we have seen a demonstrated commitment by the Australian Government and other major economies of the importance of quantum computing and technology. Last week the Australian Government's released its Blueprint and Action Plan for Critical Technologies which sets out a vision and strategy for promoting critical technologies, including quantum technologies. The initiatives headlining the Action Plan include a A\$70 million investment over the next decade in The Quantum Commercialisation Hub to help secure Australia's quantum future.

Accompanying the announcement of the Hub, the Australian Government has signed a Joint Statement of Cooperation on Quantum Science and Technologies with the United States. This statement will help promote research and development and encourage greater market access for quantum businesses in both nations. The Australian Government may sign similar agreements with other countries in the future.

In respect of Quantum Technologies, the Blueprint and Action Plan complements the CSIRO Growing Australia's Quantum Technology Industry report and the Australian Department of Defence – Army Quantum Technology Roadmap. The Australian Government is currently working on the National Quantum Strategy, will be jointly developed with industry experts and Australia's Chief Scientist.

In recognition of the key role Archer plays in the area of critical technologies, including quantum computing, we will continue our engagement with the Government, to have a say in shaping the future of quantum in Australia.

Australia is not the only country identifying the importance of quantum technologies and prioritising the development of quantum technologies, with the USA enacting the National Quantum Initiative Act of 2018 and China's 14th five-year plan seeking to boost research into quantum computing and semiconductors, to name but a few examples.

During the year, we have kept our shareholders informed of the progress of our 12CQ related patent applications, and in September 2021, we announced the grant of the US patent, after having our Japanese, Chinese, and South Korean patents all granted. The Company considers the US as a critical strategic jurisdiction to protect and potentially commercialise our IP as the US quantum computing industry is highly developed.

As previously mentioned, we are the only ASX listed company with a primary focus on quantum computing. This is not the case in the US, with companies like IonQ Inc. and Rigetti & Co. Inc. recently completing, or announcing intentions to list on the New York Stock Exchange through Special Purpose Acquisition Companies (SPACs). The quantum computing era is definitely here, and the early-stage companies built off years of R&D are maturing to offer investors exposure to this exciting deep-tech, each at various stages of development and each with their potential applications.

The US patent and the lifting of COVID related international travel restrictions allows Archer to travel to North America to identify laboratories, people and possible collaboration partners and investors to allow the company to progress the 12CQ computer chip development. Consistent with this strategy, Dr Martin Fuechsle, our Manager – Quantum Technology, has been visiting several institutes in Canada, including the Quantum Institute at Sherbrooke University, Quebec, a world-renowned institute for quantum technology development. In a few weeks, Martin will be visiting Silicon Valley with our CEO Dr Mohammad Choucair to attend the Q2B Practical Computing Conference.

The 12CQ chip is a world-first qubit processor technology that Archer aims to develop for quantum computing operation at room temperature and integration onboard modern electronic devices to potentially allow for quantum powered mobile devices. Over the past 18 months, we have made considerable technical progress and we continued to seek and strengthen collaborations with quantum computing companies and potential end-users of our technologies to help advance our development.

We signed a new agreement with IBM, allowing us to retain membership to the global IBM Quantum Network. In addition to the IBM agreement, we have been working with AI company Max Kelsen and the Australian Missile Corporation Pty Ltd, a wholly-owned subsidiary of Australian Defence Prime Contractor NIOA.

While our primary focus has been on developing the 12CQ quantum computer chip, over the past year Mohammad and his team have been methodical in their approach to the development of our 'lab-on-a-chip' biochip. The biochip is lab-on-a-chip technology that the Company is developing to enable the complex detection of some of the world's most deadly communicable diseases.

The biochip is at an earlier stage of development than the 12CQ chip. Our biochip is designed to miniaturise and digitise some of the more traditional functions of a medical lab. One of the most significant technological barriers to commercialising such devices involves advanced nanofabrication of features like hair-thin microfluidic channels that allow sample processing to smaller embedded sensors, on the nanoscale, for analysing biochemical targets, for example, of

viruses or bacteria. We own 100% of the biochip related IP and, as a deep-tech company, will seek to grow our IP portfolio related to this exciting technology, that has the potential to make a broad, positive impact in medical diagnostics.

In September and October 2021, we completed a placement to sophisticated and professional investors and a share purchase plan to raise a total of \$25 million (before expenses). The latest share purchase plan was well supported by shareholders, which meant that all applicants had to be scaled back. We understand that some shareholders were disappointed at being scaled back and not receiving the number of shares for which they applied. We understand the frustration of those shareholders however, the scale back was necessary given the overwhelming demand from eligible shareholders.

This AGM will be the last for one of our founding directors, Dr Alice McCleary, who will retire from the Archer board at the end of this meeting. Over the past 14 years, Alice has diligently served as a director and made a valuable contribution to Archer's growth and development and, more recently, has been involved in Archer's transition from a mineral explorer to a technology-focused company. Alice was involved in the initial ASX listing of Archer and has brought extensive financial, tax and business experience to the Board.

Alice leaves a significant long-lasting legacy – none more important than the transition of Archer to a deep technology company with a market capitalisation exceeding \$350 million. On behalf of the Board and all current and former staff, I would like to pay special tribute to Alice and thank Alice for her commitment to Archer over the past 14 years. Alice has made an outstanding contribution to the Company, and we wish Alice well in her retirement.

With the retirement of Alice, the Board undertook a thorough search to identify a new Non-Executive Director with a scientific and technology background. The search led to the appointment of Bernadette Harkin as a Non-executive Director of the Company. Bernadette is here today and is standing for election.

Bernadette has over 20 years of experience working as a business technologist across strategy, sales, marketing, operations, and delivery for multinational Information Technology companies, including IBM, Avanade, and CGI. Bernadette's international experience directing global technology organisations and client-facing leadership roles in the US, Europe and Asia, will be valuable as the Company considers opportunities to pursue development operations for its technologies, including the 12CQ chip, in the US.

In concluding this address, I would like to pay special attention to two groups, being our CEO and his team, and Archer shareholders. The past six months have been challenging for Mohammad his team with NSW state government COVID restrictions leading to long periods of working from home and restricted access to laboratories and offices. Despite these restrictions, Mohammad and his team have achieved a great deal, with Mohammad recently explaining to me that his team could complete the equivalent of six weeks of work in the past two weeks. Quality people make a company great and at Archer, we are fortunate to have some of the brightest and most diligent people in their fields working for us.

Finally, I want to thank our shareholders for their continued support and continued faith in the Company. We initially had some misgivings from long-standing shareholders when we started the transition to a deep tech company three years ago. However, I am sure that all shareholders will be proud of our achievements to date. The transition has had challenges, however as a Company, we are proud of the work that we have done in getting us to this stage of development.

Quantum computing worldwide is growing at a phenomenal rate. As the only ASX listed company developing a unique quantum computing technology, we believe that we are well placed to participate in the global quantum technology industry.

We will now move to the formal part of the meeting.

About Archer

Archer is a technology company that operates within the semiconductor industry. The Company is developing and commercialising advanced semiconductor devices, including chips relevant to quantum computing and medical diagnostics.

The Board of Archer authorised this announcement to be given to ASX.

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