

22nd March 2012

ASX ANNOUNCEMENT / MEDIA RELEASE

INCREASE IN EXPLORATION TARGET AT SUGARLOAF GRAPHITE PROJECT

Highlights

- Drilling confirming the presence of an eastern graphite limb at Sugarloaf has led to a significantly higher Exploration Target from 24-37Mt*grading 10-12%C to 40-70Mt*at 10-12%C.
- Recent drilling intersected widespread graphite in the eastern limb of the anticline, including:
 - 20m @ 7.8%C
 - 23m @ 10.6%C
 - 25m @ 6.4%C
- High grade amorphous graphite flotation concentrates grading 82% Total Graphitic Carbon have been achieved using conventional flotation techniques and standard reagents.

* *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*

Sugarloaf Graphite Deposit

The Sugarloaf graphite deposit is located on Carapee Hill EL (3711) near Darke Peak on Eyre Peninsula, South Australia.

Prior to Archer Exploration Limited acquiring the tenement, drilling had recorded numerous intercepts of graphite. As graphite was not a focus, the intervals were never assayed for carbon. Archer reviewed the historical drill logs noting that graphitic intervals were recorded in 23 of the 41 historic holes drilled. Geological logs recorded intervals of graphite varying from 4 metres to 61 metres. The locations of the holes indicated the potential for significant graphite over a strike length of at least 2 kilometres.

Exploration Target

Archer has previously reported wide intersections of highly 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.

A graphite concentrate grade of 82%TGC has been achieved using conventional flotation techniques and standard reagents.

February 2012 Drilling

Three RC holes were drilled (SLRC12_001, 002 and 003) on the eastern side of the Sugarloaf Hill to confirm the presence of an eastern graphite limb to the Sugarloaf anticline as indicated by historic holes drilled for gold and EM data (refer to Figure 1 below) and two historic shafts.

Archer's previous drilling had only concentrated on the western graphite limb. The drilling confirmed that the Sugarloaf graphite deposit occurs in a broad open anticline. All three holes intersected graphite schist.

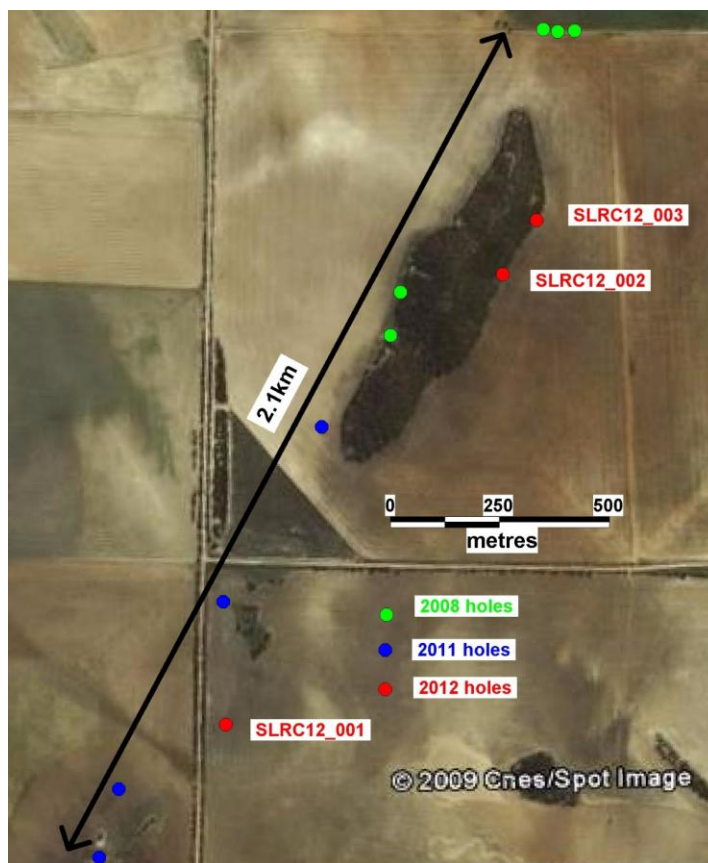


Figure 1. Location of all Archer holes drilled at Sugarloaf.

Drilling Results

The best graphite intervals reported from the recently completed drilling are;

- SLRC12_001 20m @ 7.8%C from 54m
 7m @ 10.6%C from 76m
- SLRC12_002 34m @ 6.3%C from 55m
 23m @ 10.6%C from 96m
 7m @ 16.0%C
- SLRC12_003 25m @ 6.4%C from 42m
 22m @ 5.2%C from 82m

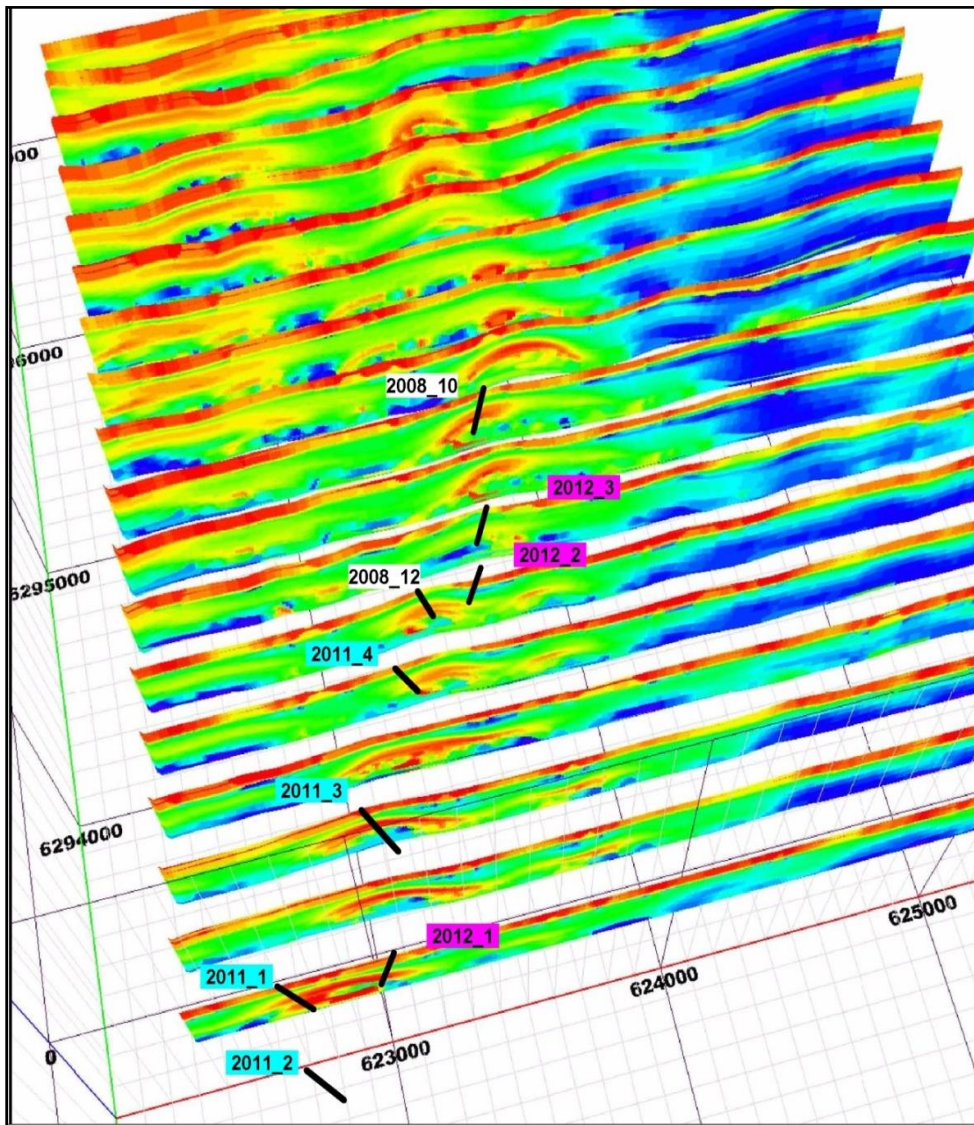


Figure 2. Stacked EM sections showing graphite horizon at Sugarloaf (NB EM data has component of vertical exaggeration to show fold)

Figure 3 below is a cross section of hole SLRC12_002 showing the electromagnetic response without vertical exaggeration. The drilling closely mirrors the EM signature and highlights the substantial width of the graphitic ore.

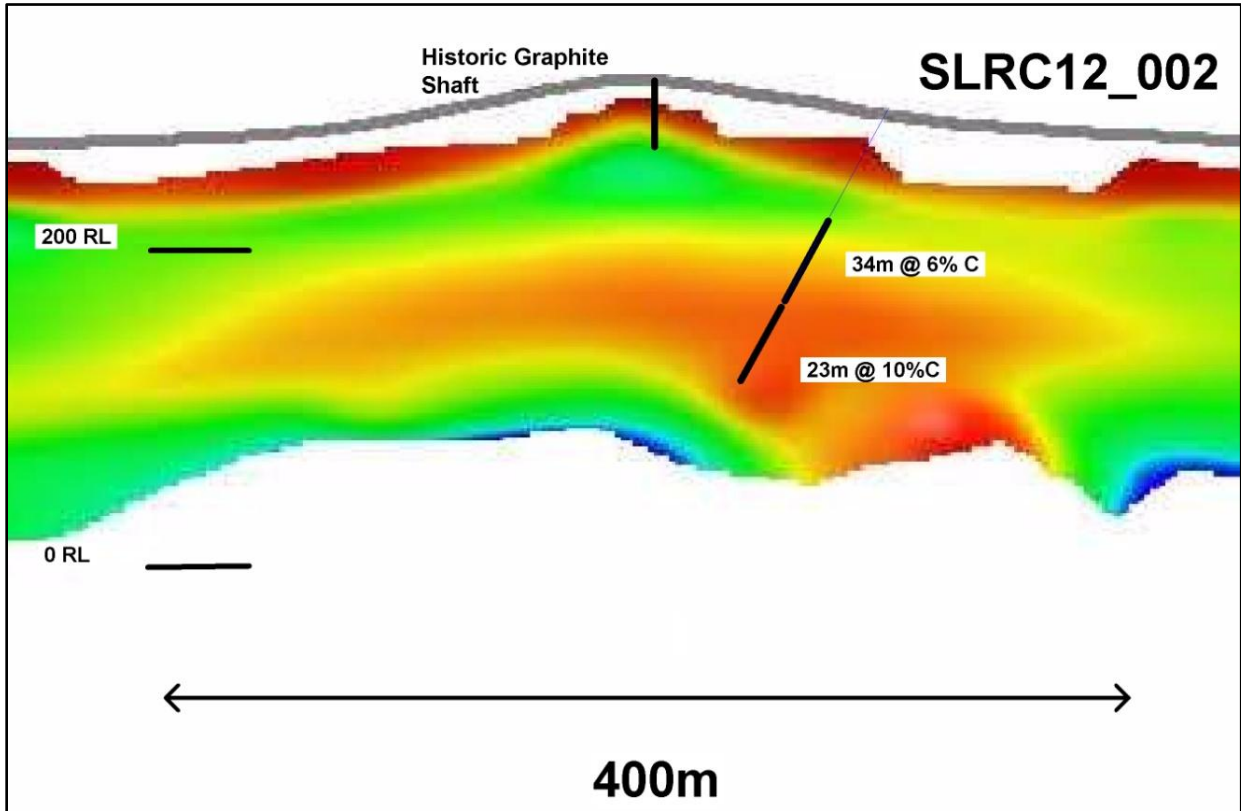


Figure 3. Drill section through SLRC012_002 superimposed on EM signature

Metallurgical Tests

An amorphous graphite product of 82% Total Graphitic Carbon has been achieved from a composite sample from RC drill hole SLRC 11_004 using conventional flotation techniques and standard reagents. The Total Graphitic Carbon content rose to 85% using an acid digest. The concentrate had 91% Total Organic Elemental Carbon. The sample head grade was 10% C.

Future work will focus on testing several other sections of the deposit in order to get a better understanding of the average flotation performance across the deposit.

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The 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 seventeen years experience in the field of activity being reported. Mr. Bollenhagen consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

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