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ASX ANNOUNCEMENT / MEDIA RELEASE

CAMPOONA DELIVERS OUTSTANDING ULTRA-PURE GRAPHITE CONCENTRATES

Metallurgical testing of Campoona graphite still in progress has delivered exceptional graphite concentrates:

1. **Outstanding finely crystalline natural graphite concentrate >99% TGA* achieved from mechanical cell flotation.**
   Graphitic carbon completed using Thermogravimetric Analysis accurate to ±1%carbon

2. **High tech applications that require graphite grading ≥99.95% TGA typically rely on synthetic graphite where purity is paramount and crystallinity less so. Campoona provides natural graphite at grades to rival synthetic graphite whilst at the same time delivering highly crystalline graphite.**

3. **Such ultra-pure natural graphite concentrates are very rare and generally confined to narrow vein-style graphite deposits.**

4. **Campoona is unique in that it can deliver very high quality graphite from a low cost, high yielding extractive process.**

5. **Ultra-pure graphite concentrate grades are repeatable for the Upper Claystone and BOCO (base of complete oxidation) horizons of the deposit representing the uppermost 70m (approx) of the deposit commencing at the surface. Tests on more competent graphite lying below BOCO are awaiting processing.**

6. **Further improvements in recovered grades are likely as various upgrading techniques remain to be tested over the coming months.**

7. **Medium and Fine flake recovery studies are still in progress.**

8. **Further metallurgical results including the percentages and grades of flake graphite to be released to the market in April 2013.**

Archer Exploration Limited is pleased to announce that ongoing metallurgical testing of Campoona graphite samples has delivered ultra-pure highly crystalline graphite concentrates using conventional widely used metallurgical processes.

Archer's Managing Director, Mr Gerard Anderson, said: "*Our results are fantastic. They have come about by challenging the norms, applying good mineral science and from thorough, systematic and thoughtful metallurgical testing where lessons learned from each test influence successive tests. You cannot buy the experience and knowledge we have gained."*

"Our aim has always been to produce the highest quality natural graphite in the world. We are fortunate that the geological and mineralogical characteristics of the Campoona deposit make that lofty aim achievable."

"*The next phase is to replicate the bench-scale results using scale-up testing. Scale-up testing will deliver many kilograms of final product for diagnostic testing and distribution to selected end users*. *The results from scale-up testing should enable Archer to develop a clear plan for Campoona in terms of its size, the target product mix and capital and operating costs."*

"We have made excellent progress in the twelve months since drilling the discovery hole at Campoona. We have completed an Environmental Fauna and Flora Baseline Studies to provide important data needed to support a future Mine Lease Proposal. Over the next quarter we will commence the scale-up testing and commence Scoping Studies."

Since October 2012 the Company has undertaken rigorous metallurgical bench-scale testing of representative diamond drill core samples of Campoona graphite. From that testing the Company has gained invaluable knowledge on optimising the flotation of graphite and on the suppression and removal of gangue minerals.

From the outset Archer's plan has been to produce graphite concentrates that matched the world's highest quality natural graphite concentrates. Several successive tests have delivered -75 micron graphite concentrates grading ≥99% carbon. **The Company can now boast of being able to emulate the highest quality fine natural graphite concentrates in the world.**

Table 1 Summary of Campoona Graphite Flotation Tests

Graphite Ore Type	Sample	Float Assay %TGC (LECO)	Float Assay %TGC (TGA)	HF Digest (% Insolubles)	Post digest (TGA)
Upper Claystone	5th Cleaner Con 1	99	99.0	Con 1+2	
	5th Cleaner Con 2	100	99.1	98.9	99
	5th Cleaner Con 3	98	98.3	Con 3+4	
	5th Cleaner Con 4	97	97.9	99.1	99
	5th Cleaner Con 5	93	97.8	Con 5+6	
	5th Cleaner Con 6	95	97.5	99.0	99
BOCO	5th Cleaner Con 1		96	98.5	98
	5th Cleaner Con 2		96	98.3	98
	5th Cleaner Con 3		97	98.4	98
	5th Cleaner Con 4		96	98.3	98

Archer engaged the services of Tech Minerals Consulting Group which includes senior global industrial minerals experts who have worked extensively with major graphite suppliers and purchasers to assess the results and make comment on the likely markets and prices for such concentrates.

Tech Minerals Consulting Group reported that " ***the mechanical cell flotation results presented by Archer Exploration have been assessed by the Tech Minerals Consulting Group and they consider the results largely unheard of in the natural flake graphite arena with the exception of vein graphite."***

Tech Minerals Consulting Group further advised that ***"...if Archer is capable of replicating these results consistently, then "the company will have a unique product in the natural graphite space"***. In assessing the potential markets for this graphite Tech Minerals Consulting Group stated that ***"such a product, properly introduced, is likely to be highly sought after by specialist manufacturers and end-users to include battery, polymers, ceramics, and high tech lubricants".***

Tech Minerals Consulting Group stated that **"prices for flake graphite of 99.0% and higher in particle size ranges from 5 micron to -100 Mesh will command between A$2,500 to A$5,000 per metric tonne".**

Archer's aim is to produce graphite grading 99.95% carbon. Further testing is expected to improve the ultra pure grades already achieved.

Simple metallurgical processing means that Campoona graphite can be prepared from mechanical float cells typically at ≥98% carbon (TGA) with limited beneficiation to deliver in excess of 99% carbon.

The campaign of metallurgical bench flotation trials demonstrates that the combination of a high-performing, ultrafine graphite flotation followed by simple acid treatment to remove trace contaminants is now able to consistently produce a graphite concentrate product that reports high in the 99+% range for both the weathered and semi-weathered horizons in the deposit. At grades over 99% both LECO and TGA lack accuracy and formal reporting limits these values to +/-1%. The Company will develop analytical techniques for trace element contents that can properly reflect the high purity of these ultrafine graphite concentrates. Such purities are exceptional in the natural graphite industry and the Company is now wrestling with a new set of analytical methodologies that better suit the high-end graphite market.

Specific extractive methods have been developed over several months of systematic and rigorous investigative metallurgy. The results achieved show that Archer can focus on the production of ultra-pure graphite that may rival synthetic graphite in purity but is likely to out-perform synthetic graphite due to its crystallinity. Synthetic graphite is expensive to produce and typically trades at prices greater than US$7,000/t.

Whilst full diagnostic tests on final concentrates are yet to be completed, both XRD (x-ray diffraction) analysis and SEM (scanning electron microscope) analysis highlight the high crystallinty of Campoona graphite.

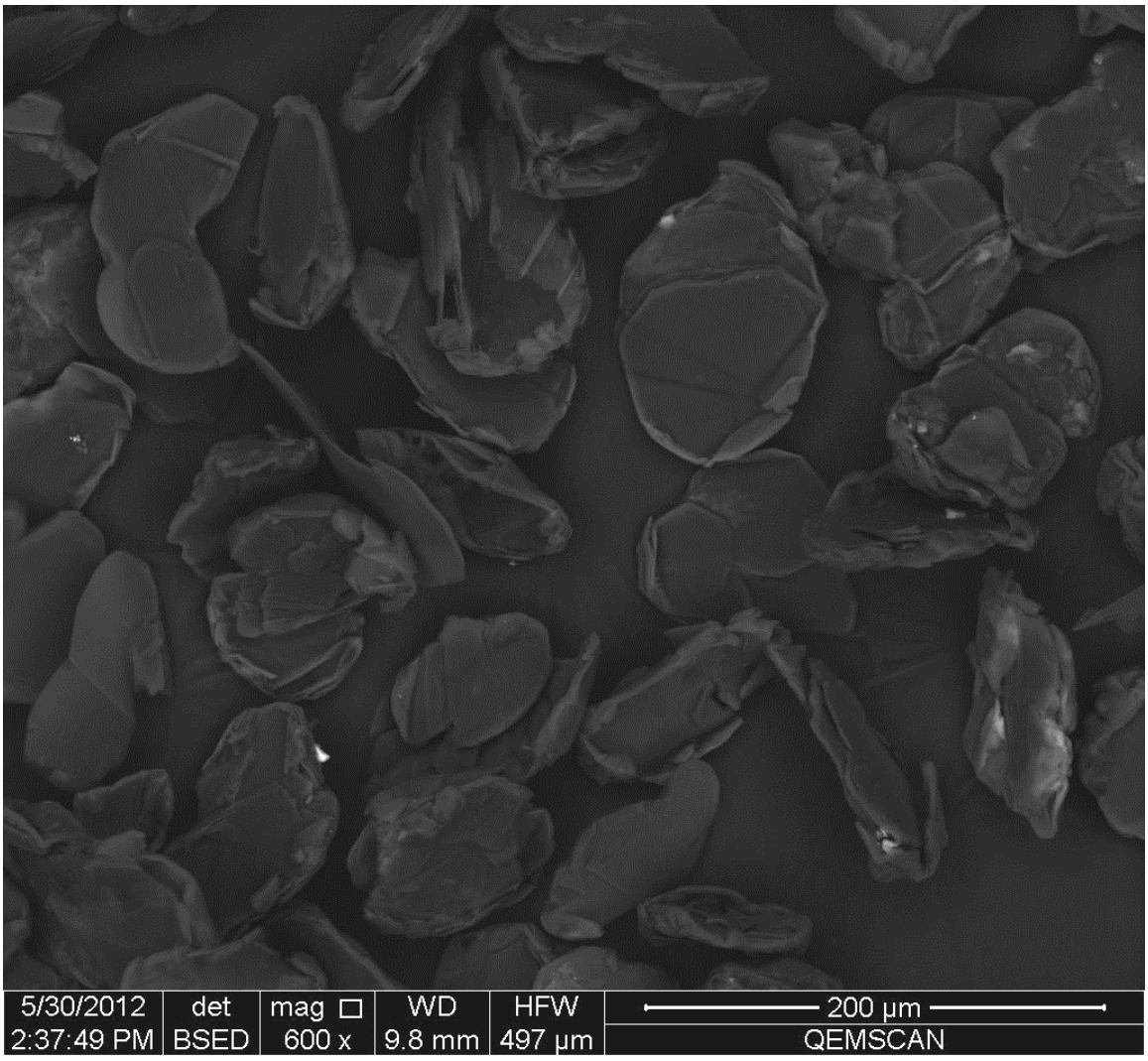


Plate 1. Morphology typical of the ultrafine highly crystalline graphite concentrate (-75 micron) showing very pure crystalline graphite flake. Such concentrate is easily reprocessed to remove trace contaminants to achieve an ultrafine natural graphite flake (eg >99% TGA).

XRD analysis shows both the natural graphite and the ultrafine concentrate product (P80 -35 micron) to be well ordered, high crystallinity graphite where the sharp and narrow main diffraction peak indicates little or no dispersive broadening from either lattice disordering or fine grainsize. The diffractograms show strong and well-defined ordering reflections.

Natural release of graphite from deep weathering of the host rock means that ultrafine high purity powders can be prepared with minimal release grinding resulting in approximately 30% orthorhombic crystal graphite (3R, beta-phase, sequence ABC) with the remainder as the hexagonal form (2H, alpha-phase, sequence AB). Preparation grinding is expected to lift this ratio making the graphite of special interest in advanced lithium-ion batteries for vehicles.

The focus on producing ultra-pure fine graphite has meant progress on extracting flake graphite has had to take a back seat albeit temporarily. Results of flake extraction are expected to be available April 2013. Plates 2 and 3 show typical Medium Flake from Campoona.

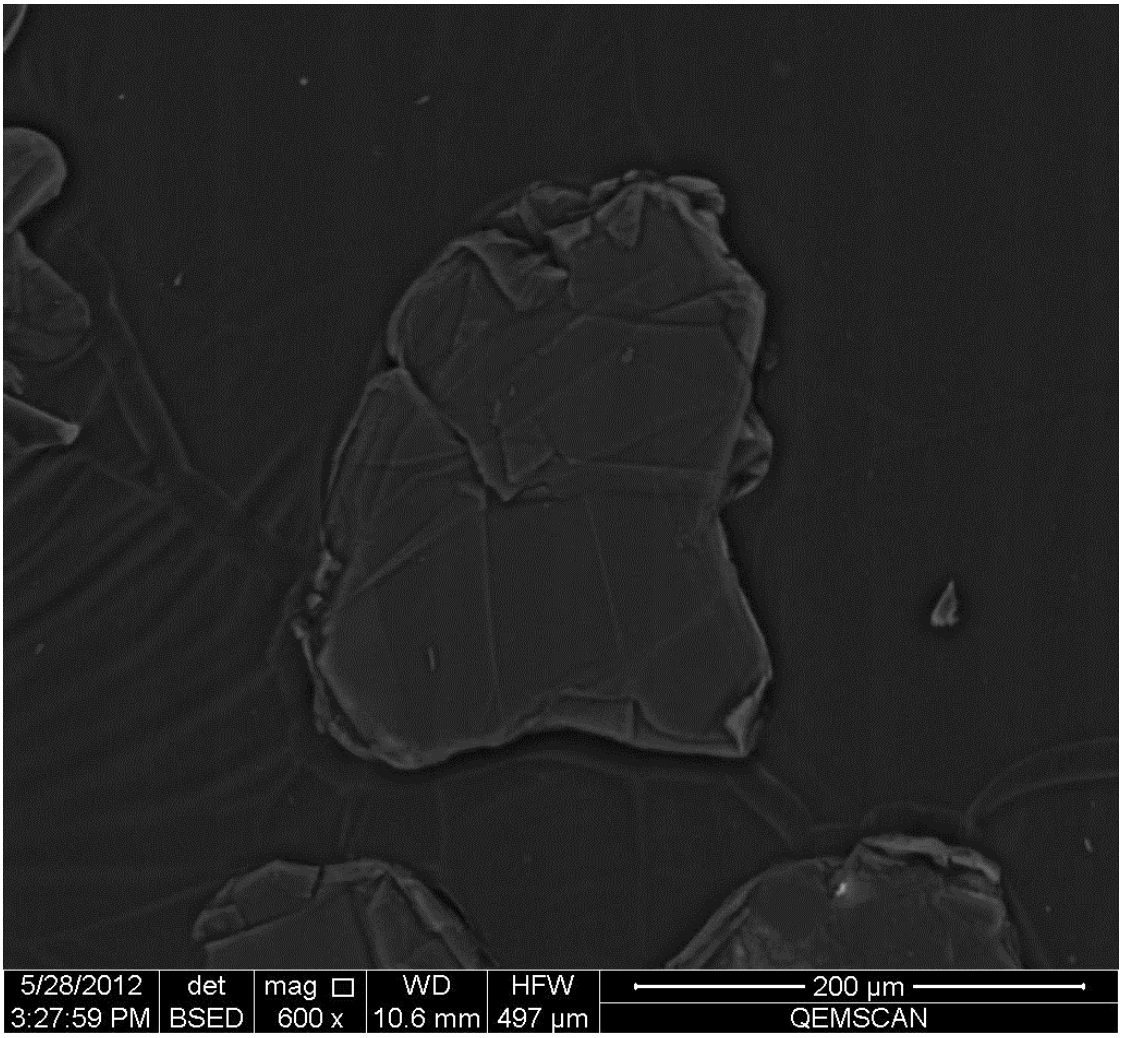
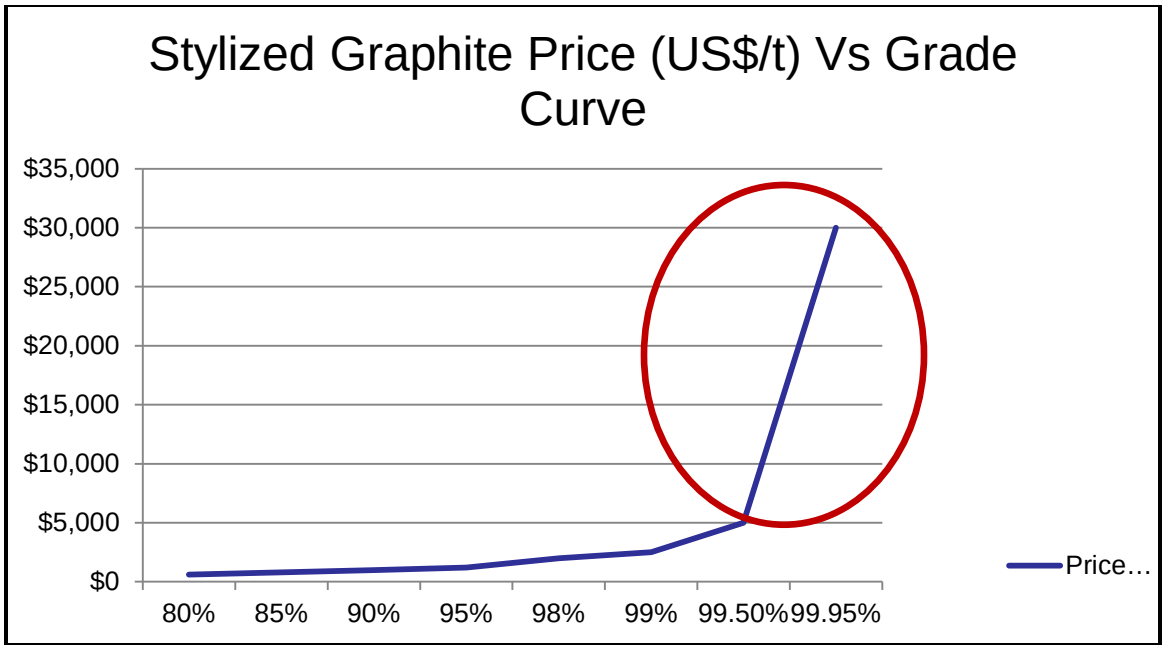


Plate 2. Typical clean flake produced as a medium flake product (-212+150 microns).

Campoona can deliver very high quality natural graphite powders from a low cost, high yielding extractive process. As such Campoona is a very rare project indeed. This means Archer is very likely to enter the higher value end of the graphite market (see graph below) where unit margins are likely to give the project robustness in almost any price regime.



What sets Campoona apart from almost all other graphite deposits in the world is its ability to deliver ultra pure, high value, highly crystalline ultra-fine graphite using conventional mechanical cell flotation.

The testing thus far points to a clear, low-risk, early-entry option producing high value graphite.

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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 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 2004 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.