

2nd May 2011

ASX ANNOUNCEMENT / MEDIA RELEASE

Significant wide intervals of graphite drilled at Sugarloaf

Highlights

- Numerous wide drill intersections reporting above 10% Total Carbon.
- The drilling indicates that the previously reported exploration target of 9 to 20Mt* of highly graphitic schist is likely to be a conservative estimate.
- Hole SLRC11_004 intersected 70m @ 10.04% Total Carbon from 81m. The wide interval included a highest grade of 3m reporting 25.23% Total Carbon.
- Drilling has confirmed the down dip continuity of the graphitic schist at >100m.
- Drill intersections indicate a true width of the graphitic schist of 40m.

The Sugarloaf graphite deposit is located on Carapsee Hill EL 3711 near Darke Peak on Eyre Peninsula, South Australia. Four RC drill holes were completed at Sugarloaf during April 2011.

The purpose of the drill program was to follow up historically reported wide but un-assayed intervals of graphitic schist encountered during gold exploration. Significant graphitic intervals were identified in 3 of the 4 holes. Table 1 (below) reports the average Total Carbon grade for the graphitic intervals observed.

Table 1. Significant intervals of Total Carbon (TC) % for 2011 drilling

Hole ID	From (m)	To (m)	Interval (m)	Total Carbon %
SLRC11_001	60	82	22	12.31%
SLRC11_001	96	144	48	10.02%
SLRC11_002	0	20	20	6.31%
SLRC11_002	28	93	65	9.00%
SLRC11_003	47	53	6	9.90%
SLRC11_004	81	151	70	10.04%

Figure 1, below, shows the locations of the holes drilled which cover a strike length of 1000m. SLRC11_002, 003 and 004 were drilled near historic holes that had reported (but not assayed) intervals of highly graphitic schist. Holes 001, 002 and 004 intersected very wide graphitic intervals confirming the accuracy of the historic mineralogical logging. Hole 003 did not repeat the intervals that were previously reported. Archer does not believe that the historical log for the corresponding hole was incorrect. Analysis suggests that the orientation of the drill hole may have been incorrectly recorded. It is believed that hole SLRC11_003 should have been drilled towards 270 degrees and not 090.

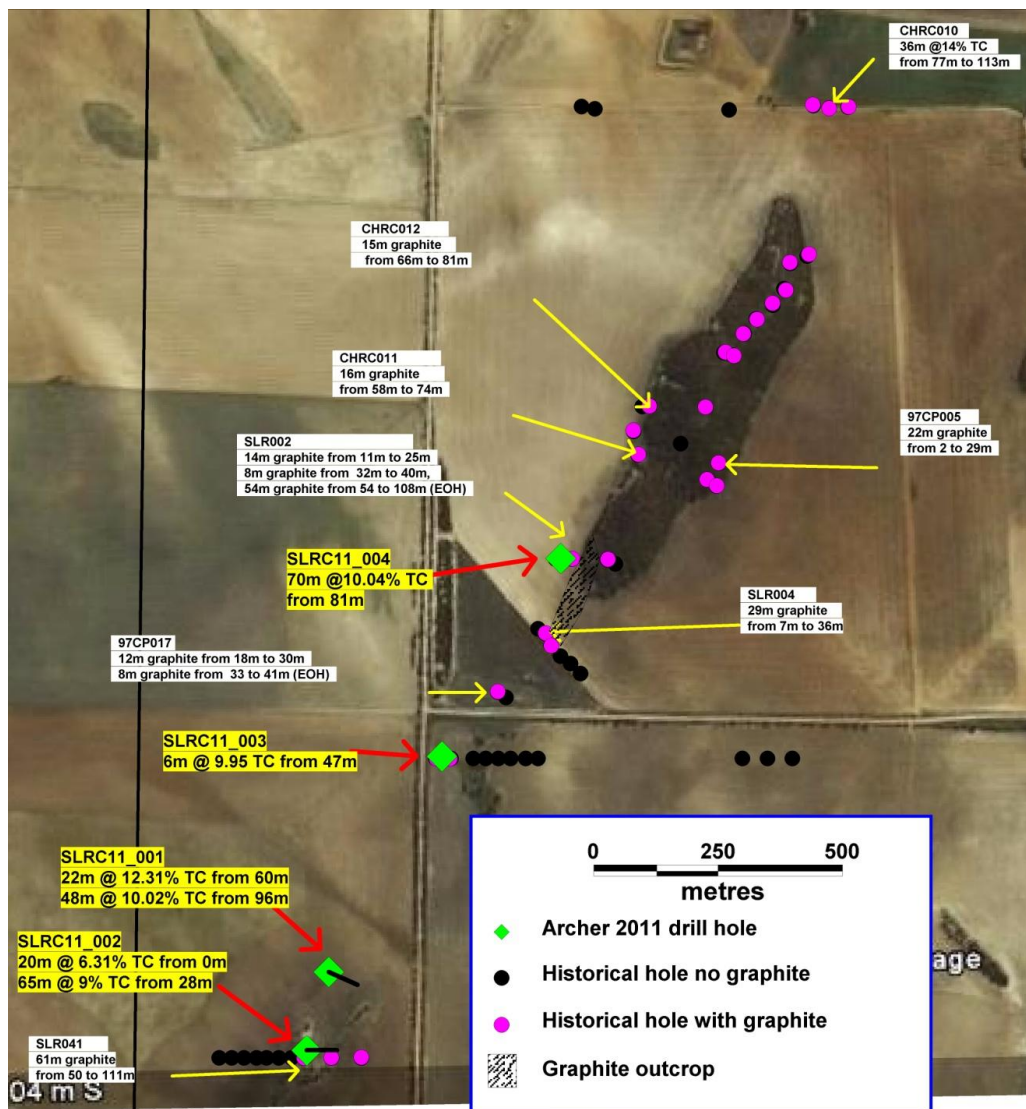


Figure 1. Location of 2011 Sugarloaf Drill holes (SLRC11_)

SLRC11_002 (2770N)

This hole was drilled to confirm the historical interval from hole SLR041, which reported 61m of graphite downhole.

A table of results for this hole is reported at the end of this release.

Figure 2 below, is a simple section highlighting the significant Total Carbon grades intersected down hole.

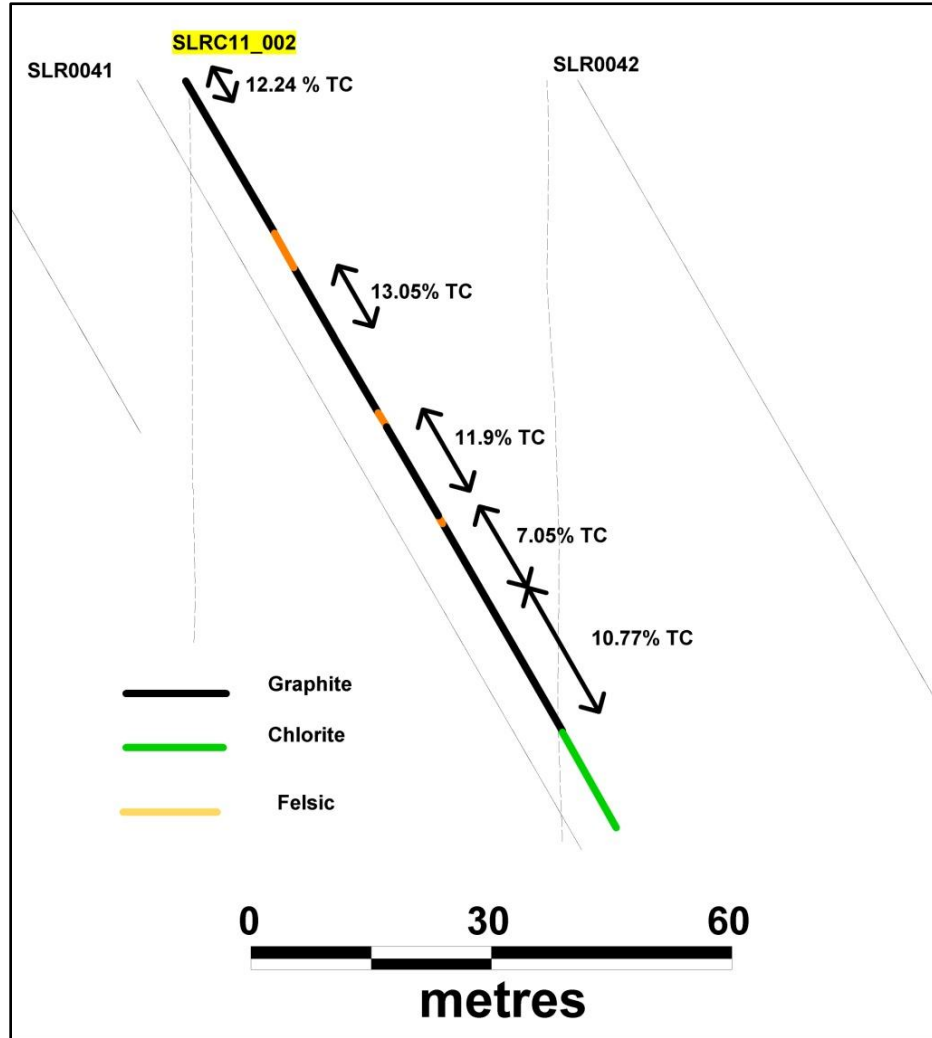


Figure 2. Section for SLRC11_002 (2770N)

Graphite was intersected throughout the entire hole, the highest grade reported being 3m @ 15.4 % TC from 33m. From figure 2 a true width of approximately 40m can be applied, with graphitic schist extending to a vertical depth of at least 100m. Sporadic outcrops of graphite can be observed at the surface.

SLRC11_001 (2950N)

Hole SLRC11_001 was drilled north of outcropping graphite.

A table of results for this hole is reported at the end of this release.

Figure 3 below, is a simple section highlighting the significant Total Carbon grades intersected down hole.

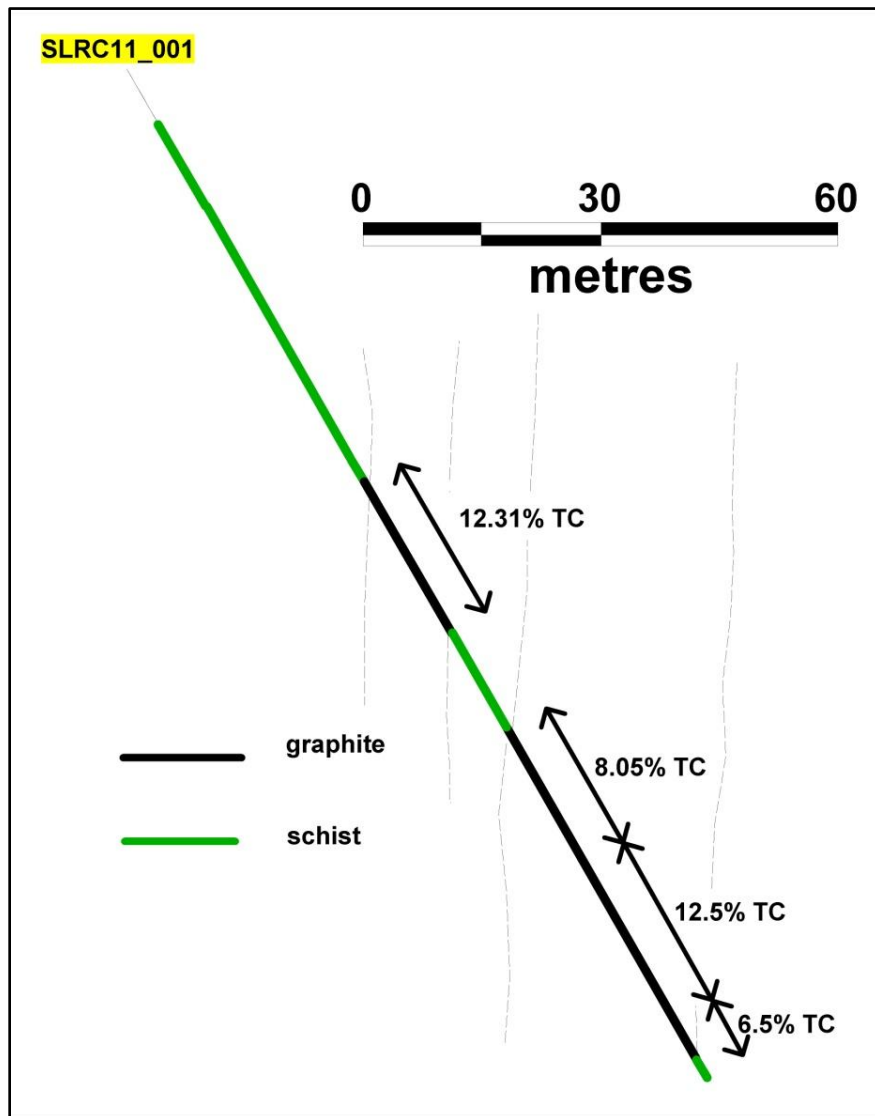


Figure 3. Section for SLRC11_001 (2950N)

In hole SLRC11_001 the graphite is present as two zones separated by a chlorite schist (possible shear zone and termed marker unit). The first zone has an apparent true width of 12m and the second 25m. The highest grade reported is 3m at 19.22% TC.



Figure 4. A photograph of sample intervals 127m to 131 from Hole SLRC11_001

SLRC11_003 (3370N)

This hole was drilled on the western edge of a previously drilled section that recorded a wide graphitic intersection.

The hole appears to have been collared too far to the east and has missed the main graphitic schist zone.

No chlorite marker unit was intersected.

SLRC11_004 (3770N)

This hole was drilled to test the reported graphitic schist in an historical drillhole, SLR002.

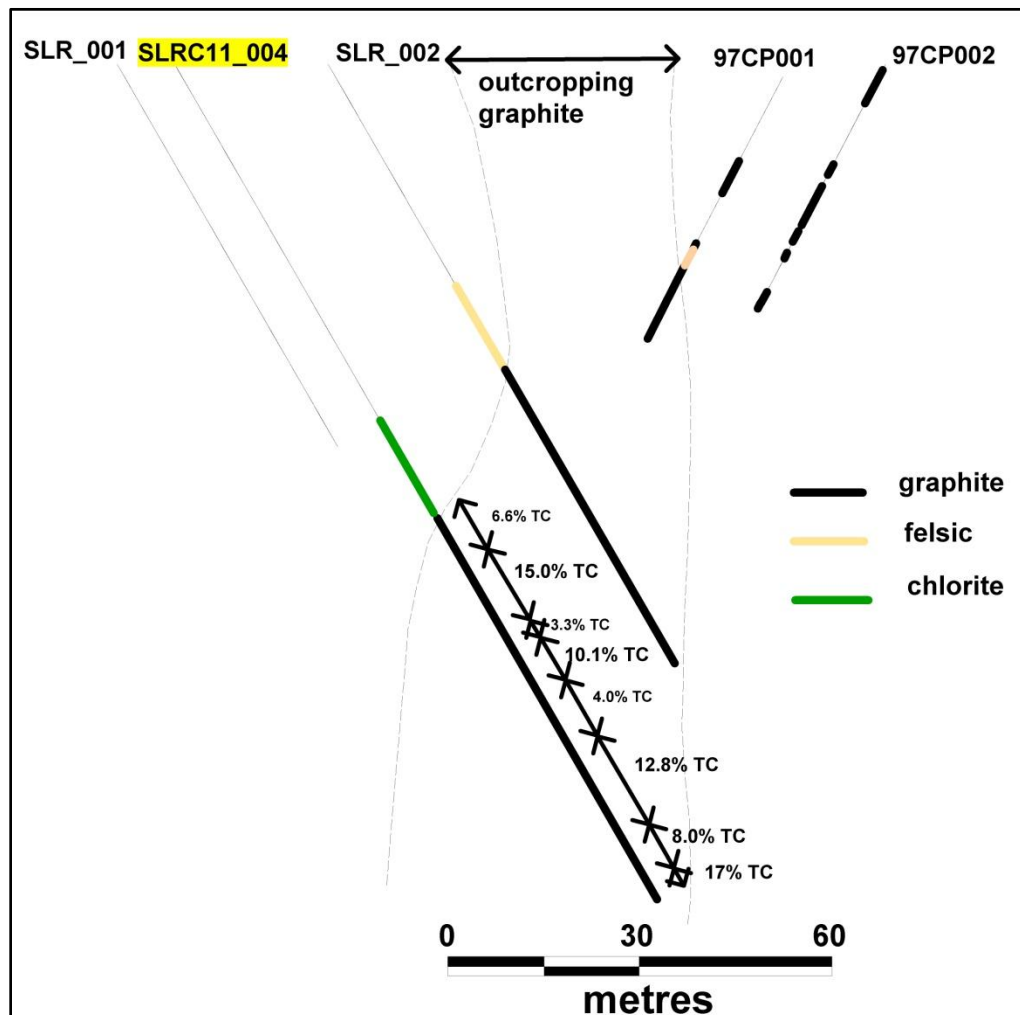


Figure 5 . Section for SLRC11_004 (3770N)

The first 80m of the hole comprised mafic schists and dolerite. The transition to graphite was marked by the chlorite marker unit, similar to that seen in SLRC11_001. The hole was terminated at 151m in graphitic schist. The whole interval from 81-151m downhole returned an intersection of 70m grading 10.04% TC.

The hole collar was preserved should re-entry with diamond drilling be required to take deeper controlled samples for metallurgical and graphite characterisation tests.

The highest TC reported was **3m at 25.23% TC** from 93m (figure 6).

The interval in SLRC11_004 is highly encouraging since outcrop can be observed to the east. Other holes drilled to the east on the section do not have reliable co-ordinates and similar to other historical holes have no carbon analyses to quantify their carbon and graphite compositions.



Figure 6 Graphitic intervals from SLRC11_004, note, the rocky nature (93-96m) is due to the sample being sieved and washed, before being placed in the chip tray, intervals 92 and 100 are representative of what is recovered from drilling.

The drilling indicates that the previously reported exploration target of 9 to 20Mt* of highly graphitic schist is likely to be a conservative estimate.

**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*

The next steps

Selected samples have been sent for petrological examination to identify the graphite nature, flake size and host mineralogy.

Further assaying, other than Total Carbon, will be performed on the four drill holes to determine the total chemistry of the intervals.

The quality of the graphite present will be determined via composite samples that will be selected for beneficiation and metallurgical and mineralogical test work.

Table 2. Composite table for all holes and significant TC% intervals

Hole ID	From (m)	To (m)	Interval (m)	Total Carbon (%)
SLRC11_001	60	65	5	16.7
	65	74	9	7.5
	74	82	8	14.99
	82	96	14	Not Sampled
	97	101	4	9.9
	101	107	6	5.63
	107	115	8	8.9
	115	119	4	15.46
	119	126	7	10.8
	126	131	5	14.92
	131	134	3	9.3
	134	139	5	11.77
	139	144	5	6.5
SLRC11_002	0	4	4	12.24
	4	9	5	5.98
	9	20	11	5.78
	20	28	8	felsic
	28	33	5	12.31
	33	36	3	15.4
	36	38	2	11.8
	38	41	3	Not Sampled
	41	50	9	3.79
	50	53	3	11.22
	53	58	5	14.52
	63	64	1	felsic
	64	75	11	7.05
	75	79	4	10.73
	79	82	3	7.18
	82	87	5	13.09
	87	90	3	7.77
	90	93	3	13.52
SLRC11_003	47	53	6	9.9

Table 2 (ctnd). Composite table for all holes and significant TC% intervals

Hole ID	From (m)	To (m)	Interval (m)	Total Carbon (%)
SLRC11_004	81	91	10	7
	91	100	9	17.41
	93	96	3	25.23
	100	103	3	9.79
	103	106	3	3.3
	106	110	4	7.6
	110	113	3	13.32
	113	118	5	2.03
	118	120	2	16
	120	124	4	0.46
	124	128	4	11.56
	128	132	4	13.6
	132	134	2	7.69
	134	140	6	14.87
	140	148	8	8
	148	151	3	17

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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 sixteen 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.