Archer Exploration Limited
ABN 64 123 993 233
Level 1, 28 Greenhill Road
Wayville, SA 5034
Australia
Telephone +61 (0)8 8272 3288
Facsimile +61 (0)8 8272 3888
info@archerexploration.com.au
www.archerexploration.com.au

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ASX ANNOUNCEMENT / MEDIA RELEASE

EXCEPTIONAL GRADE GRAPHITE INTERCEPTS CONTINUE AT CAMPOONA

Highlights

- **Exceptional grades and widths of graphite have been recorded for the first 6 holes drilled in March – April 2012 drill programme.**
- **Results cover some 500 metres of strike south from the historic Campoona Shaft.**
- **The drilling indicates the true width of the intense graphite unit in the immediate drill area can reach up to 40m.**
- **Previous petrology records average graphite size of 250-300 microns (flake graphite is > 100 micron with large flake >177 micron.**
- **The graphite unit outcrops, dips sub-vertically and extends continuously to a vertical depth of at least 80m. The next drilling campaign will include deeper drilling to target the graphitic unit to depths of 150 vertical metres below surface.**

March – April 2012 Drilling Campaign

On the 15th March 2012 the Company announced that it had commenced a staged resource drilling programme at the Company's 100% owned Campoona Graphite Deposit located approximately 12km north of the township of Cleve on Eyre Peninsula, South Australia.

The first stage of drilling consisted of thirty RC and RC aircore drill holes aggregating 1,528 drill metres. Drilling was conducted between the 14th March - 7th April 2012 to test the consistency of the Campoona Graphite Deposit along strike. (fig 1).

The drilling was concentrated in two main areas around the northern portion of the deposit

immediately south of the Campoona Shaft and north of the Campoona South outcrop. Most holes intersected significant graphite which occurs either as an intense graphitic schist unit or as graphitic proto-gneiss. It is likely that the graphitic schist pinches and swells along strike.

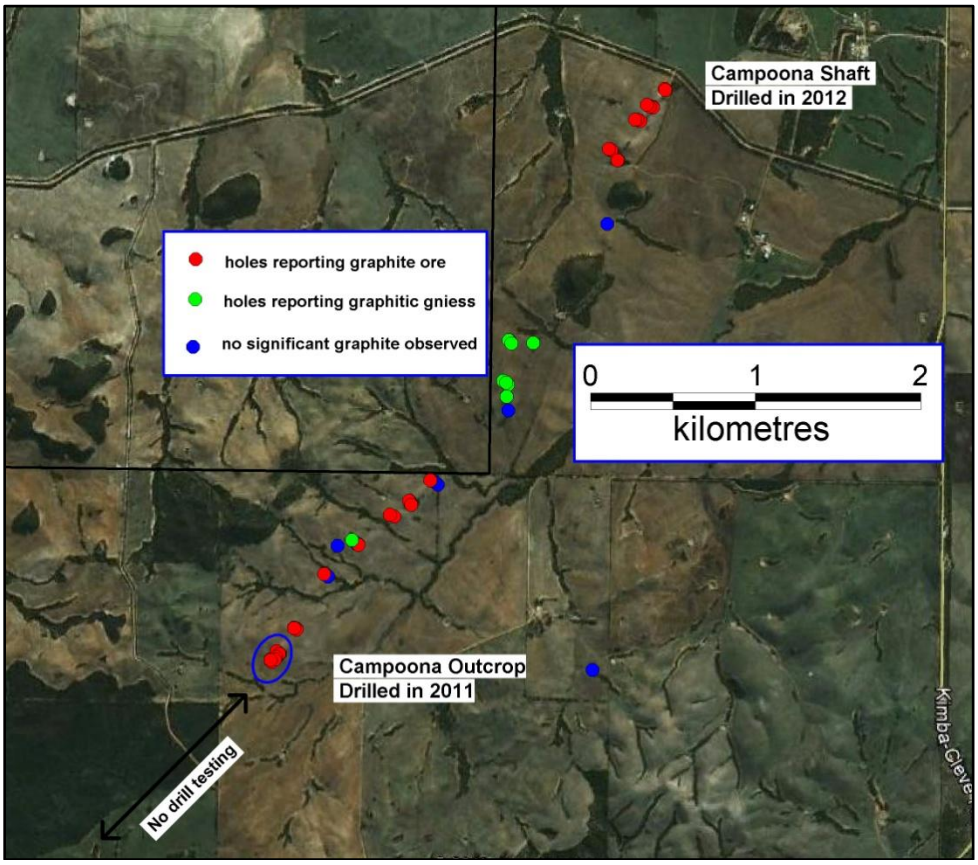

Figure 1. Location of March – April 2012 drilling at Campoona

Figure 2 shows the relationship between the drill holes and the EM signature. Figure 2 clearly shows that the southern end of Campoona has potential to host graphite but remains to be drill tested by the Company. Equally the Campoona deposit is open along strike north of the Campoona Shaft.

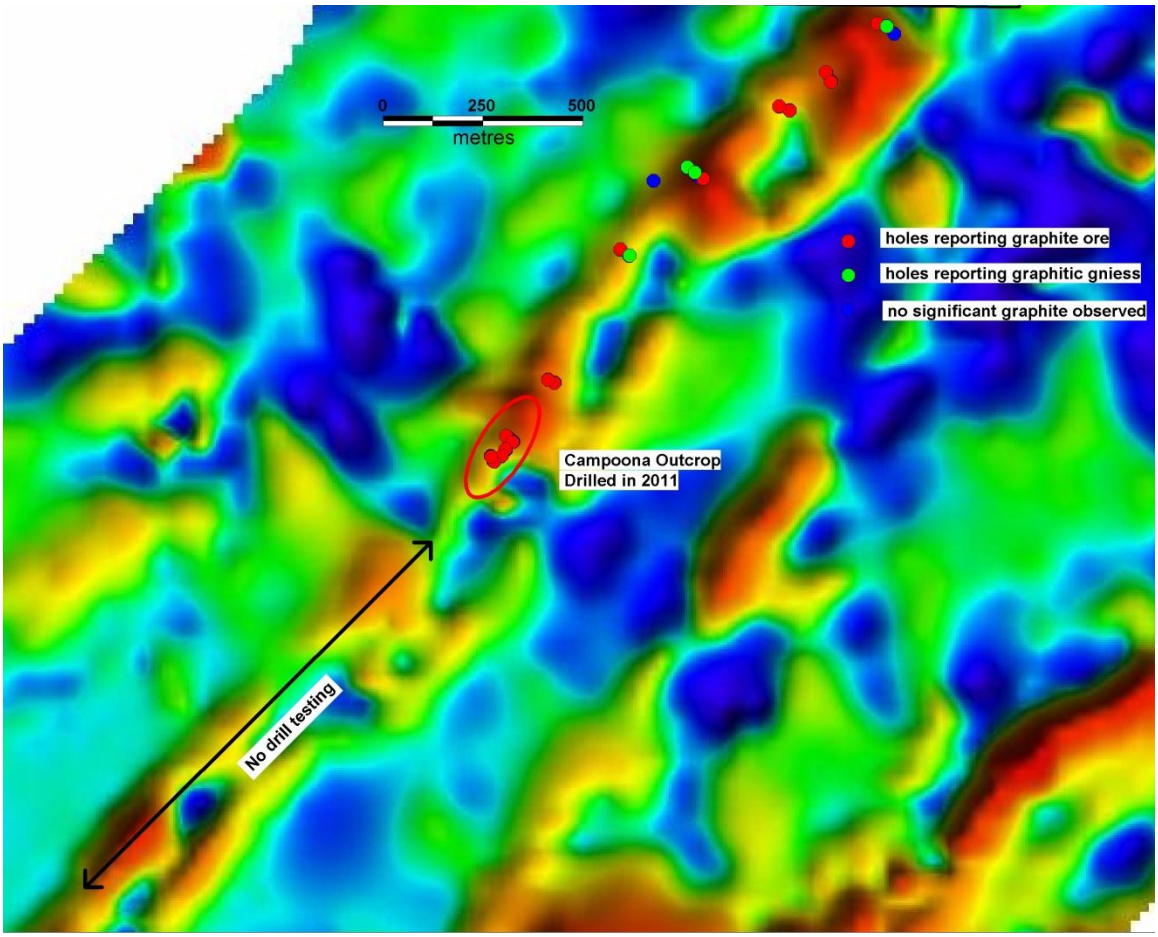

Figure 2. holes drilled north of the out crop over an EM signature

Drilling Results

The assay results for the first 6 drill holes (CSRC12_008 – CSRC12_013) have been received after some considerable delays due to internal quality control performed by the laboratory due to the very high grade of the graphite. The delay in reporting the assays is beyond the Company's control and is important in ensuring the reliability of the data being reported. Results confirm previous drill intercepts around the Campoona Shaft.

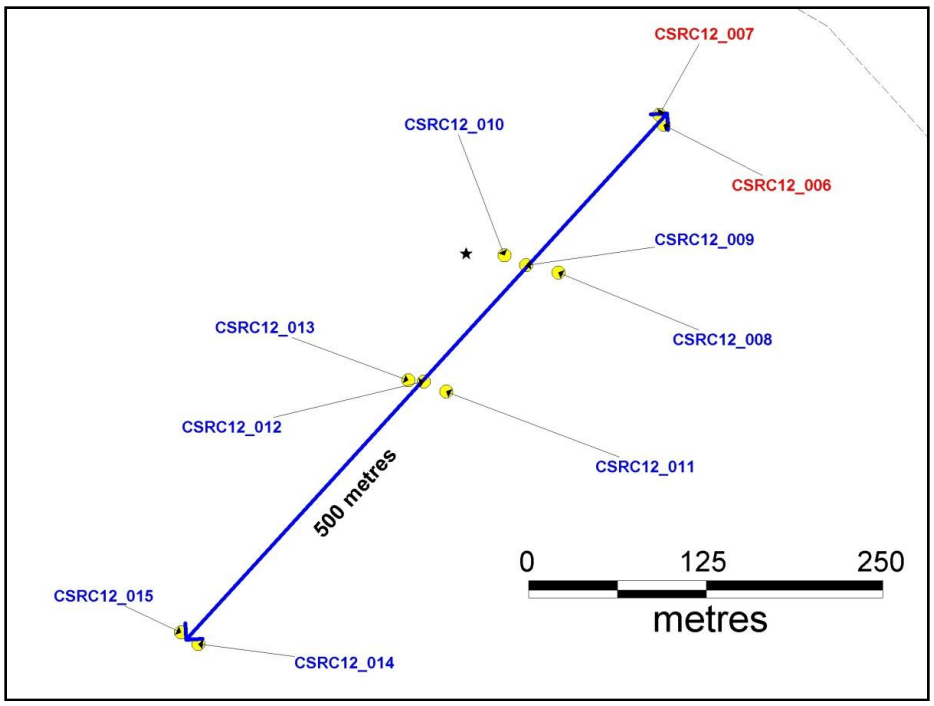

Figure 3. Drill hole locations for drill holes drilled immediately south of the Campoona Shaft.

Results for the Campoona Shaft area included:

- CSRC12_006 (Reported in March) **21m @ 15.0%C from 46m downhole**
- CSRC12_007 (Reported in March) **25m @ 10.9%C from 64m downhole**
  Including **14m at 15.5%C from 71m**
- CSRC12_008 **38m @ 8.60%C from 0m downhole**
  Including **22m @ 10.34%C from 8m**
- CSRC12_009 **67m @ 10.08%C from 0m downhole**
  Including **25m @ 13.17%C from 0m**
- CSRC12_010 **48m @ 12.48% C from 24m downhole**
  Including **20m @ 16.54%C from 46m**
- CSRC12_011 **3m @ 6.21%C from 0m downhole**
  and **6m @ 8.02%C from 6m**
- CSRC12_012 **23m @ 11.45%C from 0m downhole**
  Including **16m @ 12.90%C from 1m**
  and **4m @ 10.41%C from 28m**
- CSRC12_013 **24m @ 10.00%C from 21m downhole**
  Including **10m @ 12.50%C from 25m**
  and **4m @ 11.80%C from 50m**

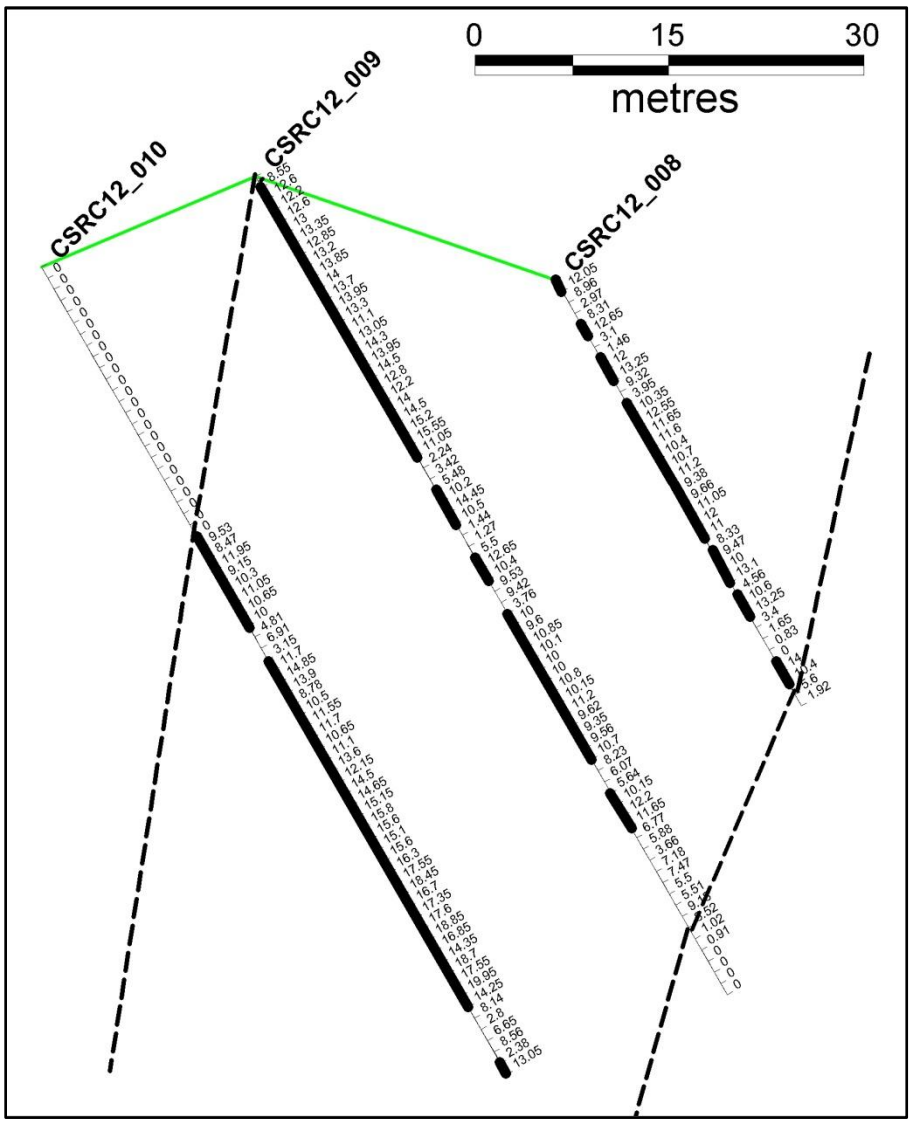

Figure 4. Cross Section showing thick high grade graphite 100m south of the Campoona Shaft. Intervals averaging greater than 10%C are highlighted with black bars.

The assays for the 6 drill holes reinforce the observations made from previous drilling, namely:

- The high grade intersections carry visible flake graphite. Previous petrology records average graphite size of between 250-300 microns (large flake is >177 micron).

- The discrete intense graphitic schist is hosted within graphitic proto-gneiss formed under conditions important for the development of crystalline graphite.

- There appears to be little to no silicification of the graphite in both the Campoona Shaft area and the area around hole CSRC12_003 (4.2km south of the Campoona Shaft). The absence of silicification is considered important for the liberation of graphite during comminution and flotation extraction. The Campoona Shaft area and the area around hole CSRC12_003 contrast with the Campoona South outcrop which in surrounded by

pegmatite intrusives and is variably silicified.

- The latest drilling recorded significant widths of high grade graphite indicating that the unit thickens to a maximum true width of 40m.

- The variation in thickness of the graphitic schist suggests the unit "pinches and swells" along strike. Such pinching and swelling is likely to also occur in the vertical dimension.

- The graphite unit outcrops, dips sub-vertically and extends continuously to a vertical depth of at least 80m. The next drilling campaign will include deeper drilling to target the graphitic unit to depths of 150 vertical metres below surface.

- Field observations indicate the thick graphitic unit extends well north of the Campoona Shaft.

- The drilling when combined with the electromagnetic data indicates a strike potential in excess of 6km although some pinching is expected.

Metallurgy

Samples from holes CSRC12_003 and CSRC12_006 have been submitted for liberation and flotation concentrate recovery. Results will be released as and when they are received.

For further information please contact:

Mr Greg English
Chairman
Archer Exploration Limited
Tel: (08) 8272 3288

Mr Gerard Anderson
Managing Director
Archer Exploration Limited
Tel: (08) 8272 3288

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.