

# ARCHER EXPLORATION LIMITED

ABN 64 123 993 233

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## PROSPECTUS

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For the offer of up to 25,429,453 free SPP Options, on the basis of one (1) SPP Option for every New Share issued to Subscribers under the SPP (the **Offer**).

### Important notices

The Offer is conditional on the SPP Option Resolution being passed at the General Meeting of Shareholders to be held on 05 August 2016. If the SPP Option Resolution is not passed, then no SPP Options will be granted under the Option Offer under this Prospectus

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The SPP Options offered by this Prospectus should be considered as speculative.

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## 1. Corporate Directory

### 1.1 Company details

Company name:	Archer Exploration Limited
ABN:	64 123 993 233
ASX Code	AXE
Address:	Level1, 28 Greenhill Road Wayville SA 5034
Phone:	(08) 8272 3288
Web:	<a href="http://www.archerexploration.com.au">www.archerexploration.com.au</a>

### 1.2 Officeholders

Greg English	Executive Chairman
Alice McCleary	Non-Executive Director
Tom Phillips AM	Non-Executive Director
Paul Rix	Non-Executive Director
Damien Connor	Company Secretary

### 1.3 Auditors

Company name:	Grant Thornton Audit Pty Ltd
Address:	Level 1, 67 Greenhill Road Wayville SA 5034
Web:	<a href="http://www.grantthornton.com.au">www.grantthornton.com.au</a>

### 1.4 Share registry

Company name:	Computershare Investor Services Pty Limited
Address:	Level 5, 115 Grenfell Street Adelaide SA 5000
Phone:	1300 556 161 (within Australia)
Web:	<a href="http://www.computershare.com.au">www.computershare.com.au</a>

The Auditor and the Share registry have been included for information purposes only. They have not been involved in the preparation of the Prospectus and have not consented to being named in this Prospectus.

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## 2. Summary of important dates and information

### 2.1 Timetable

Lodgement of Prospectus with ASIC	27 June 2016
Lodgement of Appendix 3B with ASX*	27 June 2016
Opening Date*	27 June 2016
Closing Date*	5.00pm (CST) 02 August 2016
Date of Shareholder Meeting to consider SPP Option Resolution	05 August 2016
Issue of SPP Options*	12 August 2016

\*These dates are indicative only and may change without prior notice.

### 2.2 Important notes

This Prospectus is dated 27 June 2016 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No SPP Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company reserves the right to close the Offer before that date without prior notice to you.

The Offer is only available to those who are personally invited to accept the Offer. Applications for SPP Options offered pursuant to this Prospectus can only be submitted on a personalised Application Form which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The SPP Options the subject of this Prospectus should be considered highly speculative.

This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as a full form prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### 2.3 Risk Factors

You should be aware that subscribing for SPP Options in the Company involves a number of risks. The key risk factors of which you should be aware are set out in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the SPP Options in the future. Accordingly, an investment in the Company should be considered highly speculative. You should consider consulting their professional advisers before deciding whether to apply for SPP Options under this Prospectus.

## 2.4 Investment decisions

The information in this Prospectus may not be appropriate for all persons and it is not possible for the Company to have regard to your individual investment objectives, financial situation and particular needs. An investment in the Company should be considered speculative in nature and involving risks, including the possible loss of investment. There is no assurance that any investment goals will be achieved. Investment return and principal value will fluctuate and securities in the Company, if sold, may be worth more or less than their original costs. The SPP Options offered under this Prospectus carry no guarantee whatsoever with respect to the future value of the SPP Options or underlying shares in the Company. Prices of securities can rise and fall.

This Prospectus should be read in its entirety and in conjunction with the other documents (including the share purchase plan (**Share Purchase Plan** or **SPP**) and associated offer documents) in order to make an informed assessment of the Company and the rights and liabilities attaching to the SPP Options offered pursuant to this Prospectus. A copy of this Prospectus is available for inspection at the registered office of the Company during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 7.2(c)).

Before applying for SPP Options, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits and risks involved. Various risks may affect the future operating and financial performance of the Company and the value of an investment in the Company. Some of these risks are listed in Section 6 of this Prospectus.

You should carefully consider these factors in light of your own personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest.

The potential tax effects of participating in the Offer may vary between investors. Therefore, you should satisfy yourself of the possible tax consequences by consulting your professional tax advisor.

## 2.5 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and Company management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 6 of this Prospectus.

## **2.6 Foreign jurisdictions**

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. If you are resident in a country other than Australia, then you should consult your professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

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### **3. Details of the Offer**

#### **3.1 Background of the Offer**

On 11 May 2016, the Company announced a share purchase plan offering Eligible Shareholders the opportunity to acquire up to \$15,000 worth of New Shares at \$0.08 per New Share. On 18 May 2016, the Company despatched letters of offer under the SPP to eligible shareholders.

The SPP closed on 7 June 2016 and 25,429,453 New Shares were issued to Eligible Shareholders who subscribed for New Shares under the SPP, to raise a total of \$2,034,356 before expenses.

Under the terms of the SPP, the Company undertook to offer Eligible Shareholders who subscribed for New Shares under the SPP (**Subscribers**), the right to subscribe for one free SPP Option for every New Share subscribed for and allotted by the Company under the SPP.

The number of SPP Options to be issued under this Prospectus exceeds the Company's 15% placement capacity under ASX Listing Rule 7.1. Therefore, the Company will be seeking Shareholder approval at a General Meeting to be held on 05 August 2016 for the issue of SPP Options under this Prospectus.

This Prospectus makes the Offer to the Subscribers.

#### **3.2 The Offer**

By this Prospectus, the Company offers for subscription for nil consideration up to 25,429,453 free SPP Options to Subscribers on the basis of one free SPP Option for every New Share allotted by the Company to Subscribers under the SPP.

The SPP was significantly oversubscribed meaning that the Company had to scale back applications for New Shares received from Subscribers. As a result, all Subscribers were allotted less New Shares than the number they applied for under the SPP. The number of SPP Options offered to each Subscriber under this Prospectus will be based on the number of New Shares allotted to each Subscriber by the Company (after scale back) and not the number of New Shares applied for by each Subscriber under the SPP.

The Offer is only extended to the Subscribers, accordingly, personalised Application Forms will only be provided by the Company to these parties.

No funds will be raised from the grant of SPP Options pursuant to this Prospectus as they are being issued for nil consideration.

All of the SPP Options offered under this Prospectus will be granted on the terms and conditions set out in Section 5.1 of this Prospectus.

All of the Shares issued upon the future exercise of the SPP Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.2 for further information regarding the rights and liabilities attaching to the Shares.

#### **3.3 OPTION OFFER IS CONDITIONAL**

The Offer is conditional on the Company obtaining Shareholder approval for the issue of SPP Options granted under this Prospectus at the General Meeting of Shareholders to be held on 05 August 2016 (**SPP Option Resolution**).

If Shareholder approval is not obtained for the SPP Option Resolution, then the Offer will not proceed, and no SPP Options will be granted under this Prospectus.

A notice of meeting setting out the details of the SPP Option Resolution will be lodged with ASX and despatched to Shareholders on, or about, 01 July 2016.

### **3.4 Minimum subscription**

There is no minimum subscription.

### **3.5 Election of Subscribers**

Subscribers may elect to either:

- (a) do nothing, in which case you will not receive any SPP Options; or
- (b) apply for SPP Options on your personalised Application Form (refer to Section 3.6).

### **3.6 Acceptance**

No subscription moneys are payable in respect of an application for SPP Options under this Prospectus.

You can only apply for SPP Options if you are a Subscriber and have received a personalised Application Form from the Company. You may accept all or part of your SPP Option entitlement described in your personalised Application Form.

The total number of SPP Options for which you apply must not exceed your entitlement as shown on your personalised Application Form. If the number of SPP Options subscribed for in the Application Form is more than the number of SPP Options to which you are entitled under the Offer (including because of a scale back of the number of New Shares that you subscribed for under the SPP), then the Company reserves the right to either:

- return the Application Form and not issue any SPP Options to you; or
- accept your application for the maximum number of SPP Options you are entitled to receive.

You must make an application for SPP Options using the personalised Application Form accompanying this Prospectus by specifying the number of SPP Options you wish to subscribe for, signing the form where indicated and returning it to the Company's Share Registry in the envelope provided by no later than 5.00pm (CST) on the Closing Date:

- (a) Delivery by Post:

Computershare Investor Services Pty Limited  
GPO Box 1326  
Adelaide, South Australia, 5001

The SPP Options are being issued for nil consideration and therefore you are not required to pay any funds with your Application.

By submitting a completed Application Form in accordance with the instructions set out on that form, you are applying for SPP Options on the terms and conditions of this Offer. Once an Application has been made, it cannot be revoked. No notice of receipt of the Application will be provided by the Company or the Registry.

If the Application Form is not completed correctly, it may still be treated as valid by the Company in its absolute discretion. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form is final.

### **3.7 No rights trading**

The rights to subscribe for SPP Options under this Prospectus are non-renounceable, which means that you cannot sell or transfer part of your SPP Option entitlement.

### **3.8 SPP Options are unlisted**

The SPP Options will be unlisted meaning that the Company will not make application for Official Quotation of the SPP Options however, the Company will make application for quotation of all Shares issued pursuant to the exercise of SPP Options (refer to Section 5.1(j)).

### **3.9 Issue of Certificates**

You will be forwarded an option certificate to reflect your holding of unlisted SPP Options issued to you under this Prospectus. The option certificate is evidence of ownership of unlisted SPP Options in the Company and therefore should be held in a secure location. You will not be forwarded a statement of your holding.

If the balance of your unlisted SPP Options changes, then this will be reflected by the SPP Option certificate/s you hold by either an additional or replacement SPP Option certificate being issued.

You may request a replacement SPP Option certificate by completing a Lost Certificate Declaration if you cannot locate your certificate for which a cost may be charged.

### **3.10 Enquiries**

Any questions concerning the Offer should be directed to the Company on +61 8272 3288 or to Damien Connor, Company Secretary, at [dconnor@archerexploration.com.au](mailto:dconnor@archerexploration.com.au).

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## 4. Purpose and effect of the Offer

### 4.1 Purpose of the Offer

The purpose of the Offer is to satisfy the announcements by the Company to offer free SPP Options to Subscribers on the basis of one free SPP Option for every New Share subscribed for and allotted under the SPP.

### 4.2 Effect of the Offer

The Company currently has no share options on issue as at the date of this Prospectus. However the Company is seeking Shareholder approval for the issue of 5,000,000 unlisted options to a Director of the Company, Paul Rix (**Rix Options**) at a General Meeting of Shareholders to be held on 05 August 2016. Therefore, the principal effect of the Offer, assuming all Rix Options and all SPP Options offered under this Prospectus are granted, will be that the Company will now have a total of 30,429,453 new options on issue.

### 4.3 Pro-forma balance sheet

No funds will be raised from the Offer as the SPP Options are issued for free. Accordingly, there will be no effect on the Company's balance sheet.

### 4.4 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company, assuming all Rix Options and all SPP Options offered under the Prospectus are issued, is set out below.

Company securities	Number of Shares	Number of Options <sup>(1)</sup>
On issue at the date of this Prospectus	110,194,306	Nil
Rix Options <sup>(2)</sup>	Nil	5,000,000
SPP Options issued under this Prospectus	Nil	25,429,453
On issue after completion of the Offer	110,194,306	30,429,453

(1) Refers to all classes of share options, including Rix Options and SPP Options.

(2) Rix Options are unlisted options proposed to be issued to Director Paul Rix, and are subject to approval at a General Meeting of Shareholders to be held on 05 August 2016. See clause 7.6 of this Prospectus for further details of Rix Options.

The capital structure of the Company on a fully diluted basis:

- (a) as at the date of this Prospectus there is 110,194,306 Shares on issue; and
- (b) on completion of the Offer, assuming all Rix Options and all SPP Options offered under this Prospectus are granted and exercised and no other Shares or options are issued or options exercised, there would be 140,623,759 Shares on issue.

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## 5. Rights and liabilities attaching to securities

### 5.1 SPP Options

The SPP Options to be issued pursuant to this Prospectus entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Option holder the right to subscribe for one Share.
- (b) Each Option will expire at 5.00pm (CST) on 30 June 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Subject to paragraph (k) and (n), the amount payable upon exercise of each Option will be \$0.12 (**Exercise Price**).
- (d) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) Subject to paragraph (f), an Option holder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque for the Exercise Price for the number of Options being exercised (**Exercise Notice**).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) Subject to the expiry of any applicable escrow period the Options shall be freely transferable.
- (i) All Shares issued upon the exercise of Options will upon issue rank equally in all respects with other Shares.
- (j) The Options will be unlisted and the Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the exercise of Options on ASX within 10 Business Days after the date of issue of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (m) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (n) In the event of a pro-rata issue of securities to holders of Shares, the Exercise Price in respect of any unexercised Options may be adjusted in accordance with the adjustment formula for pro rata issues set out in the ASX Listing Rules at the time when the Options were granted.

## 5.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares, being the underlying securities of the SPP Options to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

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## 6. Risk factors

### 6.1 Introduction

The SPP Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for SPP Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of Shares and the SPP Options.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 6.2 Key Risks

#### (a) Going concern risk

The Directors have determined that future equity raisings or debt financing arrangements will be required to assist the funding of the Company's activities to meet the Company's objectives. There is no certainty that these will be successfully completed to provide adequate working capital for the Company.

In the event that the Company is unable to arrange appropriate financing over the next 6 - 12 months, there is some uncertainty as to whether the Company can continue as a going concern, which is likely to have a material adverse effect on the Company's activities and the Company may not be able to continue in its present form.

#### (b) Future capital needs

Further funding may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all.

The Company's ability to raise further capital within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, share market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to develop its projects and it may impact on the Company's ability to continue as a going concern.

Any additional equity financing will dilute Shareholders and debt financing, if available, may restrict the Company's financing and operating activities.

#### (c) Exploration and Development

Exploration by its nature contains elements of significant risk. Ultimate success depends on the discovery of economically recoverable resources, obtaining the necessary titles and governmental regulatory approvals and obtaining and servicing of funding for mining operations if and when a decision to mine is made (if at all).

There can be no assurance that the Company's existing projects or any other projects or tenements that the Company may acquire in the future will result in the discovery of significant resources. Even if significant resources are identified, there can be no guarantee that they will be able to be economically exploited.

The Company's current and future operations, including exploration, appraisal and possible production activities may be affected by a range of factors, including (without limitation):

- (i) geological conditions;
- (ii) limitations on activities due to seasonal weather patterns;
- (iii) the availability of drilling rigs and other machinery necessary for the Company to undertake its activities;
- (iv) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- (v) mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vi) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- (vii) prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programs pursuant to existing, and any future access agreements entered into with indigenous parties).

(d) Access to third party infrastructure

The Company has identified access to third party infrastructure as a means of reducing capital costs for the development of the Leigh Creek Magnesite Project. Whilst discussions with such third parties have been progressing there is no guarantee that the Company will be able to reach a legally binding agreement for access to the infrastructure. Any failure by the Company to access such infrastructure will most likely make the Leigh Creek Magnesite Project unviable.

### **6.3 Company specific risks**

(a) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(b) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(c) Exploration risk

Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of acquired projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programs are unsuccessful this could lead to a diminution in the value of its projects, a reduction in the case reserves of the Company and possible relinquishment of part or all of its projects.

(d) Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans altered in a way which could impact adversely on the Company's operations.

(e) Environmental risks

The operations and proposed activities of the Company's projects are subject to strict governmental laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Government authorities may, from time to time, review the environmental bonds that are placed on permits. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

(f) Title risk and native title

Interests in tenements in Australia are governed by the respective state legislation and are evidenced by the granting of licenses' or leases. Each license or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if license conditions are not met or if insufficient funds are available to meet expenditure commitments or if the government elects not to renew the Company's tenements.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest; there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

(g) Graphite and magnesite price volatility

Substantially all of the Company's forecast revenues and cash flow (should the Company enter production) will be derived from the sale of graphite and magnesia products. Therefore, the financial performance of the Company would be exposed to fluctuations in the graphite and magnesia (caustic calcined and deadburned magnesia) price. Historically, the graphite price has fluctuated widely and has experienced periods of significant decline.

Graphite and magnesia prices are affected by numerous factors and events that are beyond the control of the Company. These factors and events include general economic activity, world demand, forward selling activity as well as general global economic conditions and political trends.

If graphite and/or magnesia prices should fall below or remain below the Company's costs of production for any sustained period due to these or other factors and events, then the Company's exploration and proposed production could be delayed or even abandoned. A delay in exploration or production or the abandonment of one or more of the Company's projects may require the Company to write down its graphite and/or magnesite assets and may have a material adverse effect on the Company's production, earnings and financial position.

#### **6.4 Risks specific to the Offer**

(a) Changes in Share price

There is no guarantee that the market price of the underlying Shares will trade above the exercise price of the SPP Options. Accordingly, there is a risk that the SPP Options could expire out of the money.

(b) Subscribers should read additional information

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. You should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

#### **6.5 Industry and general risks**

(a) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect of the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(c) Competition risk

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(d) Government and policy changes

Government action or policy change, particularly in relation to lands and infrastructure, compliance with environmental regulations, taxation and royalties, may adversely affect the Company's operations and financial performance.

(e) Litigation risks

Litigation risks to the Company include, but are not limited to, employee claims, contractual claims, environmental claims, occupational health and safety claims, regulatory disputes, legal actions from special interest groups, as well as third party damage or losses resulting from operations.

## **6.6 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the SPP Options offered under this Prospectus. Therefore, the SPP Options to be issued pursuant to this Prospectus carry no guarantee that the Share price will exceed the exercise price of the SPP Options.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for SPP Options pursuant to this Prospectus.

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## 7. Additional information

### 7.1 Litigation

As at the date of this Prospectus the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### 7.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with ASIC;
  - (ii) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below.

<b>Date</b>	<b>Description of Announcement</b>
16/06/2016	Change in substantial holding
16/06/2016	Change of Director's Interest Notice x 2
15/06/2016	Final Director's Interest Notice
14/06/2016	Appendix 3B
09/06/2016	Share Purchase Plan closes heavily oversubscribed
08/06/2016	Resignation of Managing Director - update
01/06/2016	Last chance to buy discounted Archer shares
30/5/2016	Archer extends SA lithium footprint
26/5/2016	AGIA Graphite Graphene Seminar - Presentation
24/05/2016	HOA for development of Leigh Creek rail infrastructure
19/05/2016	Eyre Peninsula lithium potential
18/05/2016	Cleansing Notice - Share Purchase Plan
18/05/2016	Share Purchase Plan and Application Form
17/05/2016	Invitation to attend shareholder presentations
13/05/2016	Despatch of EDI Entitlement Statement
11/05/2016	Share Purchase Plan to Raise Up to \$0.5 Million
11/05/2016	Reinstatement to Official Quotation
11/05/2016	Capital Raising - update
9/05/2016	Suspension from Official Quotation - Extended
5/05/2016	Suspension from Official Quotation
3/05/2016	Trading Halt
2/05/2016	Quarterly Cashflow Report
2/05/2016	Quarterly Activities Report
26/04/2016	Investor Presentation
21/04/2016	Archers Imminent Project Developments - AusIMM Presentation
20/04/2016	Archer accelerates Leigh Creek Magnesite Project development
12/04/2016	Mount Hutton Central JORC 2012 Resource
6/04/2016	Resignation of Managing Director
30/03/2016	Exploration Development Incentive Scheme
21/03/2016	Leigh Creek Magnesite - Project Study
17/02/2016	Half Yearly Report and Accounts
9/02/2016	Former Executive of QMAG Appointed to the Board of Directors
1/02/2016	Company Update - Graphite and Magnesite

Date	Description of Announcement
29/01/2016	New ELA Extends Carbon and Graphite Zones
28/01/2016	Quarterly Cashflow Report
28/01/2016	Quarterly Activities Report
15/12/2015	Archers SA Campoona graphite delivers above 99.9% graphene
11/12/2015	SA Exploration and Mining Conference - Presentation
9/12/2015	Sugarloaf Update
13/11/2015	Results of Meeting
13/11/2015	Archer eyes using Leigh Creek coalfield infrastructure
13/11/2015	AGM 2015 Presentation
13/11/2015	AGM 2015 Chairman's Address
4/11/2015	Market Briefing- Archer Graphite projects update and outlook
26/10/2015	Quarterly Cashflow Report
26/10/2015	Quarterly Activities Report
12/10/2015	Notice of Annual General Meeting/Proxy Form
30/09/2015	Leigh Creek Energy Signs Heads of Agreement
25/09/2015	LCK: Leigh Creek Energy signs Heads of Agreement

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours. The announcements are also available through the Company's website [www.archerexploration.com.au](http://www.archerexploration.com.au)

### 7.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective latest dates of those sales were:

Highest	\$0.11	19 May 2016
Lowest	\$0.074	15 April 2016
Last	\$0.075	24 June 2016

### 7.4 Substantial Shareholders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	(%)
Gregory David English	9,076,644	8.24

## 7.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

## 7.6 Director security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, is set out in the table below. Each Director's entitlement to SPP Options under this Prospectus as Subscribers under the SPP are also set out in the table below. The Company will need to seek Shareholder approval for the issue of SPP Options to Directors.

Director	Shares	Performance Rights	Unlisted Options <sup>(1)</sup>	Entitlement to SPP Options under the Prospectus <sup>(2)</sup>
Greg English	9,076,644	250,000	Nil	Nil
Alice McCleary	2,298,627	150,000	Nil	170,363
Tom Phillips AM	1,355,709	150,000	Nil	170,363
Paul Rix	Nil	Nil	5,000,000	Nil

### Notes

- (1) Prior to becoming a Director Mr Rix was a consultant to the Company responsible for securing offtake partners for the Company's Leigh Creek Magnesite Project (**Project**). Mr Rix was engaged under an agreement which entitled him to receive a commission of 1.5% on all magnesia products sold from the Project to customers introduced by Mr Rix. The Company and Mr Rix have agreed to terminate the agreement in return for the issue to Mr Rix of 5,000,000 of unlisted share options each with an exercise price of \$0.15 and an expiry date of 31 January 2019 (**Rix Options**). The issue of these options is subject to Shareholder approval which will be sought at a General Meeting of Shareholders to be held on 05 August 2016.
- (2) Directors will participate in the Offer for the purpose of the issue of the free-attaching SPP Options in accordance with each Director's participation in the SPP, for which Shareholder approval will be sought at a General Meeting of Shareholders to be held on 05 August 2016.

## 7.7 Director Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors (including allowances and share based payments).

Director	FY 2014/15	FY 2015/16 (proposed)
Greg English	\$115,848	\$290,000
Alice McCleary	\$63,750	\$50,000
Tom Phillips AM	\$63,750	\$50,000
Paul Rix <sup>(1)(2)</sup>	\$Nil	\$20,833
Gerard Anderson <sup>(3)</sup>	\$524,937	\$581,256

### Notes

- (1) Paul Rix was appointed as Director on 9 February 2016.
- (2) The Company will be seeking Shareholder approval at a General Meeting of Shareholders to be held on 05 August 2016, to issue the Rix Options to Paul Rix (refer to Section 7.6).
- (3) On 6 April 2016, Mr Anderson resigned as Managing Director effective 30 June 2016. This amount includes salary, superannuation, annual leave and long service leave amounts payable on termination.

## 7.8 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (f) the formation or promotion of the Company; or
- (g) the Offer.

## **7.9 Expenses of the offer**

In the event that all SPP Options are subscribed for, the total expenses of the Offer are estimated to be approximately \$20,000 (excluding GST), comprising ASIC fees, share registry fees, legal fees and printing and distribution fees. The estimated expenses will be paid out of the Company's existing working capital.

## **7.10 Electronic prospectus**

The Corporations Act allows distribution of an electronic copy of this prospectus and an electronic application form on the basis of a paper prospectus lodged with the ASIC. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus. If you have not, please phone the Company on +61 8 8272 3288 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.archerexploration.com.au](http://www.archerexploration.com.au)

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **7.11 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain.

Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## **7.12 Privacy Act**

By completing and returning an Application Form, you will be providing personal information directly or indirectly to the Company, the Share Registry, and related bodies corporate, agents, contractors and third party service providers of the foregoing (**Collecting Parties**). The Collecting Parties collect, hold and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

By submitting an Application Form, you authorise the Company to disclose any personal information contained in your Application Form (**Personal Information**) to the Collecting Parties where necessary, for any purpose in connection with the Offer, including processing your acceptance of the Offer and complying with applicable law, the ASX Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any Public Authority.

If you do not provide the information required in the Application Form, the Company may not be able to accept or process your acceptance of the Offer.

If the Offer are successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the register of Shareholders, including bidders for your securities in the context of takeovers, Public Authorities, authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the *Privacy Act 1988* (Cth) and all other legal requirements. If obliged to do so by law or any Public Authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified. As at the date of this Prospectus, the Company does not anticipate that Personal Information will be disclosed to any overseas recipient.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry at the address set out in the Corporate Directory in Section 1 of this Prospectus. A fee may be charged for access.

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## 8. Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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Greg English  
Executive Chairman  
For and on behalf of Archer Exploration Limited

Dated: 27 June 2016

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## 9. Definitions

**\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a Subscriber who applies for SPP Options pursuant to the Offer.

**Application** means an application by a Subscriber for SPP Options made on the personalised Application Form and submitted in accordance with the terms of this Prospectus.

**Application Form** means the personalised application form either attached to or accompanying this Prospectus.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors of the Company unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**CST** means Central Standard Time as observed in Adelaide, South Australia.

**Company** means Archer Exploration Limited (ACN 123 993 233).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholders** means Shareholders who were registered holders of Shares at 5.00pm (CST) 10 May 2016.

**Offer** means the offer of up to 25,429,453 SPP Options for nil consideration to Subscribers.

**Official Quotation** means official quotation on ASX.

**Option Resolution** means the resolution for the issue of SPP Options offered under this Prospectus, to be considered by Shareholders at a General Meeting of Shareholders to be held on 05 August 2016.

**Option holder** means a holder of an Option.

**Prospectus** means this prospectus.

**Rix Options** has the meaning given in Section 7.6.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**SPP** means the Company's share purchase plan dated 18 May 2016.

**SPP Option** means an option to acquire a Share on the terms and conditions set out in Section 5.1 of this Prospectus.

**Subscribers** has the meaning given at Section 3.1 of this Prospectus.