Archer Exploration Limited - Share Purchase Plan and Application Form

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Adelaide - On behalf of the Board of Archer Exploration Ltd. (ASX:AXE), I am pleased to offer Eligible Shareholders with the opportunity to subscribe for up to $15,000 of new fully paid ordinary shares in the Company (New Shares), free of brokerage and commission, under a Share Purchase Plan (SPP or Plan).

Eligible Shareholders who subscribe for New Shares will also be entitled to receive one free attaching unlisted option (New Option) for every one New Share subscribed for under the SPP. Each New Option will have an exercise price of 12 cents and an expiry date of 30 June 2017.

The SPP is targeting to raise $500,000 (subject to the maximum permitted under the ASX Listing Rules).

New Shares will be issued under the SPP at a price of $0.08 which represents a discount of:

- 20% to Archer's last closing price on 03 May 2016, which was the last trading day prior to the date of the announcement of the SPP; and

- a 13.88% discount to Archer's 5 day volume weighted average price for the last 5 days on which Shares were traded prior to the date of the announcement of the SPP.

The funds raised from the SPP will be used to:

(a) Conduct bulk magnesite calcining trials as part of the development schedule for the Company's Leigh Creek Magnesite project.

(b) Further efforts to secure key resources, infrastructure and service agreements to progress the development of the Company's Leigh Creek Magnesite Project toward production.

(c) Conduct plant trails using Sugarloaf Agricultural Carbon.

(d) Graphite/Graphene - marketing of graphite and graphene.

(e) Provide the Company with working capital to enable it to support its current operations.

Participation in the SPP is entirely voluntary. Eligible shareholders may apply for a parcel of New Shares valued at either $1,000, $3,000, $5,000, $7,500, $10,000 or $15,000 lots or alternatively, do nothing and maintain their current shareholding.

Details of the Plan are set out in the enclosed SPP Terms and Conditions whilst the New Options will be issued under a separate prospectus to be lodged after close of the SPP. The Board urges you to read these Terms and Conditions carefully and in their entirety before deciding whether or not to participate in the Plan. If you are uncertain whether New Shares are a suitable investment for you, then you should consult your financial or other professional adviser.

Your personalised Application Form is enclosed and I encourage you to read and consider carefully the Terms and Conditions of the SPP that follow.

On behalf of the Board, I invite you to consider this opportunity to increase your investment in the Company.

To view SPP and application form, please visit:
http://abnnewswire.net/lnk/470B2N68

About Archer Exploration Limited:

Archer Exploration Ltd. (ASX:AXE) is an Australian Stock Exchange listed company with 100% ownership of 15 tenements and one Exploration Licence Application all in South Australia covering 6,053 km2.

Archer also has the rights to all minerals other than uranium on EL4693 covering a further 816 km2. Archer's main project is the Campoona Graphite Project which is located within reach of established and major developing infrastructure. It has a JORC 2004 Resource of 5.27 million tonnes @ 7.6 % TC (based on 2% TC cut-off).

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