ARCHER

/ Annual Report

2019

CONTENTS

CHAIRMAN'S REPORT

Archer has made significant progress over the year on several strategic fronts. Our Advanced Materials Business is building a suite of disruptive technologies, in the key areas of Quantum Technology, Human Health and Reliable Energy. Successful exploration programs during the year increased our understanding and confidence in our mineral projects, including copper and gold.

/ Chairman's Report

Archer has made a long-term commitment to building an industry-leading Materials Technology Business. We are only just commencing this journey and success will be achieved over time. Our team in Sydney has been steadily growing, and has achieved much success during the 2019/20 financial year. Most significant over the year, was the execution of a licence agreement with the University of Sydney for exclusive rights to develop and commercialise intellectual property (IP) related to carbon-based quantum computing technology. The binding licence agreement gives Archer exclusive international rights to develop and commercialise patents protecting this IP in Australasia, the EU and US.

The licenced quantum technology IP relates to the development of a room temperature quantum computer chip. Currently, the materials used in quantum computers either function at really low temperatures (at temperatures colder than outer space), or if they function at room temperatures, they are extremely difficult to integrate into modern electronics, which limits quantum computer ownership.

At the start of 2019, Dr Martin Fuechsle joined the Archer team in the position of Manager, Quantum Technology. Dr Fuechsle is among the few highly talented physicists in the world capable of building quantum devices that push the boundaries of current information processing technology. Dr Fuechsle brings more than 10 years' experience in successfully designing, fabricating, and integrating quantum devices.

With the execution of the licence agreement and the appointment of Martin, we have the building blocks in place to commence development of our room temperature quantum computer chip and in April of this year we announced the commencement of the ^{12}CQ Project. ^{12}CQ has a simple value proposition, that of realising practical quantum computing.

The success of ^{12}CQ will be based on us being able to build and test atomic-scale quantum devices using special chip fabrication tools and instruments for patterning and testing materials and quantum logic circuits. To that end, in April 2019 we announced that the Company had started building the quantum computer chip and that we had successfully assembled the first components of a prototype qubit processor. We have started to build the chip on silicon substrates as silicon is the computer industry standard material for current classical computer chips. The compatibility of our carbon-based qubits with silicon chip substrates will aide with industry acceptance of our technology.

The assembly of the first components of a prototype qubit processor is a significant achievement that cannot be overstated. Our CEO, Dr Mohammad Choucair and his team have achieved a lot in a short period of time. To go from execution of the licence agreement to the building of a prototype chip within 6 months is a great effort by Mohammad, Martin and the rest of the team.

The market potential for quantum computing is significant and growing rapidly.

In addition to the quantum technology, Archer has made great progress in the development of a graphene ink based biosensor. We were able to prepare graphene inks that took advantage of the superior physical and chemical properties of our Campoona graphite at the University of Adelaide Australian Research Council Graphene Hub (Graphene Hub). We then were able to print two basic electrode patterns using an inkjet printer and a laser-scribed printer. The results of the technical analysis confirmed that the graphite from the Campoona deposit could be used to produce graphene-based inks and printed electrodes with electronic characteristics in-line with or better than benchmarks set in related research fields.

Following on from this early success, we entered into a legally binding Material Transfer Agreement with a leading German biotechnology company for the fabrication of a proof-of-concept biosensor, comprising printable components capable of detecting disease state markers, such as antibodies or antigens. The German partner specialises in commercial biological detection technology and materials, and is concurrently developing and improving biosensing technology for emerging markets.

With the help of our German partner and Graphene Hub we were able to successfully make and print graphene ink formulations that comprised primarily of human antibody immunoglobulin G (IgG) as the active constituent. The IgG inks were printed on resin-coated paper and a number of graphene based electrodes and were able to withstand the chemical and physical processes in the formulation, printing, and post-printing steps. Optimisation of the antigen ink formulation, printing, stability, and electrode performance is the subject of ongoing collaboration with the Graphene Hub.

/ Chairman's Report

Due to the success of this early work by Dr Choucair and his team, we registered a provisional patent with the Australian Patent Office, comprising intellectual property relating to graphene ink compositions, methods of synthesising the inks, and the use of the inks for biomolecular sensing. The registration of the patent is part of Archer's strategy to commercially develop materials and technology in the key vertical of Human Health.

The final pillar of our Advanced Materials Business strategy is the key area of Reliable Energy and specifically the suitability of our Campoona graphite for use in lithium ion batteries. High purity graphite used as an anode material in lithium ion batteries traditionally sells at a higher price than other forms of graphite. As a means of increasing the value of the Campoona graphite, we undertook test work during the year to test the suitability of Campoona graphite in lithium ion batteries. As part of this work, full-cell lithium ion batteries that are functional and commercially scalable, and that incorporated Archer's Campoona graphite, were successfully assembled and validated for performance. The batteries were prepared with Archer's Campoona graphite at the anode, and commercially equivalent cathode materials and chemistries used in consumer electronics and electric vehicles.

The next stage in this development work was the processing of the Campoona graphite to make spherical graphite and then the subsequent testing of this graphite in a lithium ion battery. Dr Choucair and his team were able to make uniform 40-micron flake size (99%+ and 95% TCC) using small-scale (kilogram quantity) mechanical milling processes. The processing was performed by a Japanese company using proprietary technology developed by the Partner. The results were then verified by Archer using world-class microscopy and analysis facilities at the University of Sydney. Archer and the Partner intend to progress the work in the near term by focusing on scaling quantities of graphite using processes available to the Partner, to accurately obtain and optimise measures of yield and efficiencies of scale for Archer's Campoona graphite feedstocks.

Archer has a successful track record of developing and selling assets to fund our activities, examples include the sale of the West Roxby Project for $8m cash (2012), sale of the Leigh Creek Magnesite for $2.0 million cash (2018) and the sale of the Sugarloaf Farmland for $1.35 million cash (2018). Consistent with this strategy was our decision to "spin out" non-graphite assets into a new company which would then list on the ASX. The "spin out" was withdrawn in late 2018 due to a deterioration in market conditions. Despite this set back, we will continue to identify opportunities to monetise non-key assets and to identify and acquire undervalued assets.

We drilled our Blue Hills Copper-Gold project in early 2019, following the decision not to proceed with the "spin out". The Blue Hills drill program was successful in proving the presence of a large intrusive related mineralising system that warrants further exploration. Blue Hills is a massive target that covers an area greater than the Sydney CBD. The drilling of such a large target area is beyond our current financial capacity and we are looking for a joint venture partner to help with financially supporting the cost of exploring Blue Hills.

We made a decision not to explore our other tenements while the "spin out" was pending, and when the decision was made not to proceed with the "spin out" we focused on exploring Blue Hills and were unable to fulfil the full exploration potential of several of our prospective projects. We believe that our projects are prospective for minerals such as gold, manganese, copper and high purity alumina and intend to either explore or divest them during the next year.

We will continue to invest in materials technology IP development within our Advanced Materials Business, and this work will increase again in FY20. Our relentless pursuit of new product innovation sits at the core of our strategic growth strategy, and is complemented by our transition from being a purely mineral exploration focussed business to a more diverse and specialist Materials Technology company.

Our CEO, Dr Choucair and his team in Sydney have done a wonderful job in growing our Advanced Materials Business and have achieved so much in a short period of time. I would like to thank all staff for their dedication and hard work during the year and also my fellow Directors for their unwavering support and implementation of our strategy.

We could not have achieved what we did without the support of our shareholders. I am certain that the achievements described above should give you a very clear indication of our strategy and our resolve to develop the extraordinary opportunities by the Archer team. We expect to achieve much in this coming year and look forward to reporting the results of our work to shareholders.

GREG ENGLISH
Executive Chairman

OPERATING AND FINANCIAL REVIEW

Archer is a diversified materials technology company with a focus on developing its Advanced Materials and Mineral Exploration businesses.

The Company will continue the growth and development of its Advanced Materials business with a focus in the three key areas: quantum technology, human health, and reliable energy. The Company has:

- Signed a Licence Agreement with the University of Sydney that allows Archer to develop and commercialise intellectual property in the form of patents related to electronic devices with the potential for room-temperature quantum computing.
- Registered a provisional patent with the Australian Patent Office, comprising intellectual property relating to graphene ink compositions, methods of synthesising the inks, and the use of the inks for biomolecular sensing.
- Developed high-value materials for use in energy storage devices like lithium-ion batteries and has developed a number of graphitic and graphene materials for potential down-stream battery technology integration.

The licencing, acquisition and ownership of intellectual property assets is part of Archer's strategy to commercially develop materials technology in the key verticals of Quantum Technology, Human Health, and Reliable Energy.

In addition, the Company will explore its current tenement assets and will look for opportunities to divest non-core exploration assets to fund the Company's activities. The sale of the Company's Leigh Creek Magnesia Project and Sugarloaf Farmland in 2018/19 is consistent with this strategy.

Key priorities in 2019/20 to grow the Company span both business functions of Advanced Materials and Mineral Exploration, and specifically include:

- Developing quantum computing technology as part of the Company's ^{12}CQ Project.
- Developing biosensor technology in conjunction with the University of Adelaide.
- Developing high-value materials for energy storage and use, including graphene and spherical graphite derived from Archer's Campoona graphite.
- Permitting of the Campoona Graphite Mine.
- Identifying opportunities to divest non-core exploration assets and acquire undervalued assets of advanced-stage mining projects.

/ Operating and Financial Review

/ Operating and Financial Review

SUMMARY OF FINANCIAL PERFORMANCE

The net loss of the Group for the 2018/19 financial year was $1,738,332 (2018: $1,854,520) after accounting for R&D tax concession benefits of $102,421 (2018: $58,641) and includes mineral exploration impaired and written off $82,159 (2018: $257,931) and inventory write-down of $76,800 (2018: Nil).

During the year ended 30 June 2019 the Group's net cash position decreased by $2,053,837 from $2,749,586 (1 July 2018) to $695,749 (30 June 2019) and no corporate debt. This net decrease in cash was predominantly influenced by cash outflows associated with exploration expenditure ($1,014,979) and wages, corporate & administration expenditure ($1,708,395). The outflows were offset by inflows associated with a successful share placement of ($300,000 before costs), the exercise of share options (exercise price of $0.075 and expiry date of 28 February 2019) issued under the share purchase plan ($100,706), the deposit received for the sale of the Leigh Creek Magnesite Project ($250,000) and a research and development tax incentive ($58,641).

CHANGES IN SHARE CAPITAL

SHARES

The number of shares on issue increased from 186,925,829 (1 July 2018) to 196,304,283 (30 June 2019) during the year as a result of the following events:

- Exercise of options issued under the share purchase plan (1,342,740 shares)

- Share Placement to sophisticated and professional investors (4,285,714 shares)

- 3,000,000 shares were issued to CEO following vesting of 3,000,000 performance rights that were issued to him as compensation for the Company's acquisition of Carbon Allotropes Pty. Limited in October 2017.

- A total of 750,000 shares were issued to Archer Directors and employees following the vesting and exercise of performance rights previously issued to them.

PERFORMANCE RIGHTS

The number of performance rights on issue decreased from 4,500,000 (1 July 2018) to 1,050,000 (30 June 2019) during the year as a result of the following events:

- 150,000 performance rights were issued to each of the CEO and Archer's three Sydney based employees (total of 450,000 performance rights). During the year 150,000 of these performance rights lapsed in accordance with the Archer Performance Rights Plan.

- 750,000 performance rights vested into an equivalent number of shares following the satisfaction of the performance conditions for the year ended 30 June 2018.

- 3,000,000 performance rights previously issued to the CEO as compensation for the Company's acquisition of Carbon Allotropes Pty. Limited in October 2017, vested into shares.

UNLISTED OPTIONS

The number of unlisted options on issue decreased from 13,907,978 (1 July 2018) to Nil (30 June 2019) during the year as a result of the following events:

- 5,000,000 unlisted options previously issued to Paul Rix, a Director of the Company, expired unexercised.

- 1,342,740 share options (exercise price of $0.075 and expiry date of 28 February 2019) issued under the share purchase plan, were exercised into shares, with the remaining 7,565,238 share options expiring unexercised.

CORPORATE

In December 2018, the Company executed an exclusive Licence Agreement with the University of Sydney that allows Archer to develop and commercialise patents describing a technology with the potential for room-temperature quantum computing. The technology is a device (chip) capable of quantum information processing at room-temperature, and the materials that form the critical componentry of the chip are available in the inventory of Archer's wholly owned subsidiary Carbon Allotropes. Patents protecting the licenced intellectual property have been filed internationally to cover Europe, Australia, United States of America, Japan, Republic of Korea, Hong Kong, and China. Archer intends to commercialise the quantum technology through licencing and direct sales channels.

During 2018, Archer announced the sale of the Leigh Creek Magnesia Project for $2.0 million and sale of the Sugarloaf Farmland for $1.35 million. The sale of the Sugarloaf Farmland has already completed with Archer receiving all funds. The Leigh Creek Magnesia Project sale is scheduled to complete on 15 January 2020 but may be extended by the buyer by 3 months at a time (maximum of two extensions) until 15 July 2020 at the latest by the payment of $250,000 per extension. The sale of the Leigh Creek Magnesia Project and Sugarloaf Farmland is consistent with Archer's strategy of selling non-core assets to pay for Company activities.

In January 2019, Dr Martin Fuechsle was appointed to the position of Manager, Quantum Technology. Dr Fuechsle brings more than 10 years' experience in successfully designing, fabricating, and integrating quantum devices. Between 2011 and 2014, he held a research position at the Centre for Quantum Computation & Communication Technology (CQC2T) at the UNSW Sydney, which is headed by Prof Michelle Simmons, the 2018 Australian of the Year. There he built quantum computing devices and the single-atom transistor.

DIVIDENDS

No dividends were declared or paid during the financial year. No recommendation for payment of dividends has been made to the date of this report.

FACTORS AND RISKS AFFECTING FUTURE PERFORMANCE

The following describes some of the external factors and business risks that could have a material impact on the Company's ability to deliver its strategy:

ACCESS TO FUNDING

The Company does not receive any income from its operating business and the Company is reliant on capital raisings and the sale of non-core assets to fund its future operations. Therefore, the Company's ability to continue to develop its Advanced Materials and Mineral Exploration businesses is contingent upon the Company's ability to source timely access to additional funding as it is required.

GOVERNMENT APPROVALS

In December 2017 the Company was granted a mining lease application for the Campoona graphite project. The mining lease does not permit the Company to commence mining operations. The Company is only permitted to commence mining once it has lodged a Program for Environmental Protection and Rehabilitation (PEPR) and the PEPR is approved by the South Australian Government. Under the terms of the mining lease, the PEPR must be submitted and approved before the end of 2019. The Company has lodged a request with the South Australian Government to extend the due date of the PEPR to December 2020. The South Australian Government has not yet granted the extension, but the Company has no reason to believe that the extensions will not be granted.

KEY AGREEMENTS

Development and commercialisation of the quantum technology chip intellectual property and associated patents is dependent on the Licence Agreement with the University of Sydney remaining in-place. Termination of the Licence Agreement would mean that Archer would be unable to access the intellectual property and patents required to commercialise the associated quantum technology. As at the date of this document, the Company is not aware of any grounds that the University of Sydney may have to terminate the Licence Agreement.

The development of the biosensor technology is conducted in conjunction with the University of Adelaide as part of a Collaboration Agreement

/ Operating and Financial Review

under the Australian Research Council Program for Industrial Research Transformation Hubs. Termination of the Collaboration Agreement would mean that Archer would be unable to immediately access institutional level scientific and technical resources required to develop the associated biosensor technology. As at the date of this document, the Company is not aware of any grounds that the University of Adelaide may have to terminate the Collaboration Agreement.

COMMODITY OFFTAKE AGREEMENTS

The development of the Campoona Graphite resource is dependent on Archer securing long term offtake agreements with key customers. Archer has not yet entered into any offtake agreements.

COMMODITY DEMAND AND RISK

The Company is exposed to adverse global demand for different commodities and/or adverse commodity price movements. This could affect the Company's ability to raise funds to advance its projects.

SALE OF LEIGH CREEK MAGNESIA PROJECT

Under the terms of the Leigh Creek Magnesia Project sale and purchase agreement, the buyer may extend the completion date up to 15 July 2020. Also, if the buyer lists on a stock exchange before 31 December 2019, then the buyer may elect to issue shares instead of cash to Archer. Any such shares may be subject to escrow which will affect Archer's ability to sell the shares to raise funds. The extension of the completion date and/or issue of shares subject to escrow may mean that Archer will be required to raise additional funds.

ADVANCED MATERIALS

Materials are the tangible physical basis of all technology. Archer is developing and integrating materials to address complex global challenges in quantum technology, human health, and reliable energy. The Company is developing advanced materials to build disruptive technology, and these materials include carbon-based qubits for quantum computing, graphene enhanced biosensors, and graphitic battery anodes. Archer's approach to materials development is enabling a new wave of converging technologies, each with the potential to positively impact global industries spanning electronics, medicine, and energy.

At Archer, we know that this can only be achieved by applying our values of excellence, creativity, and collaboration, in everything we aim to achieve.

/ Quantum Technology

THE DEVELOPMENT OF ARCHER'S ^{12}CQ QUBIT PROCESSOR CHIP COULD PROVIDE A POTENTIAL SOLUTION TO ROOM-TEMPERATURE QUANTUM COMPUTING AND ENABLE DIRECT CONSUMER OWNERSHIP OF QUANTUM COMPUTING POWERED TECHNOLOGY.

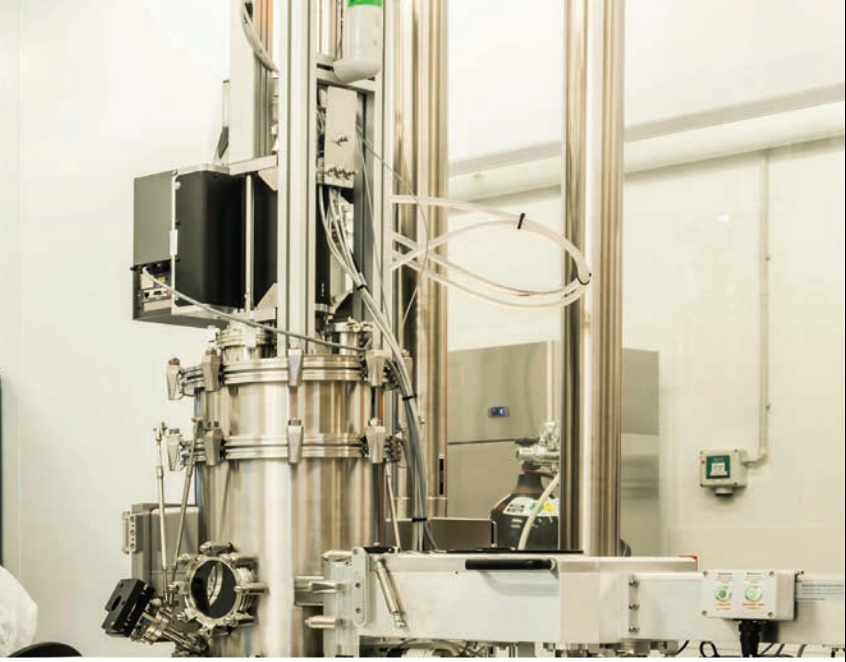
Materials that enable quantum information processing could transform all industries dependent on computational power and are at the heart of some of the biggest challenges facing quantum computing.

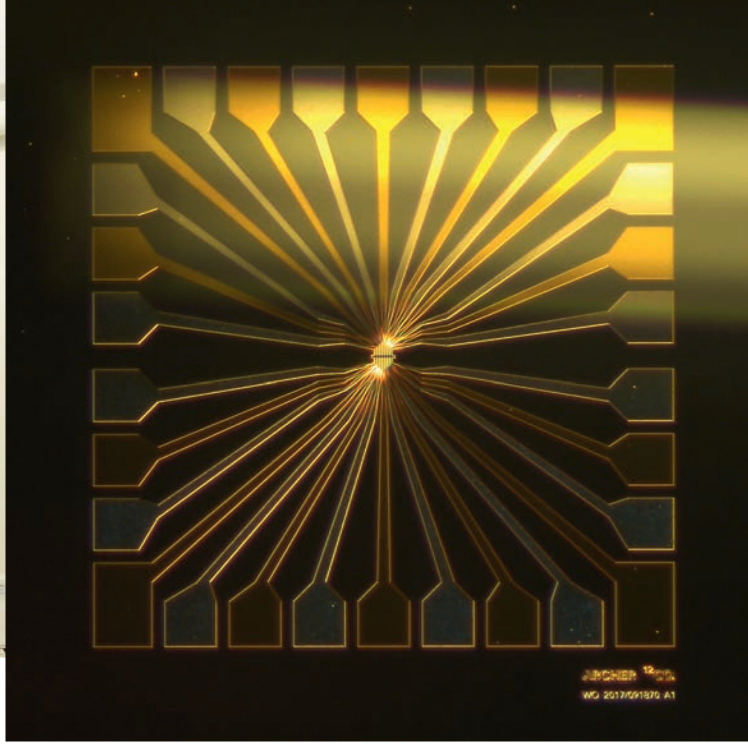
Quantum computing represents the next generation of high-performance computing. The development of quantum computers is envisioned to impact all industries reliant on computational power, including financial modelling, pharmaceutical drug design, cryptography, digital currencies, and artificial intelligence. On 23 May 2018 Archer and the University of Sydney agreed to exclusively negotiate terms for an exclusive licence to intellectual property (IP) in the form of patents, that would allow Archer to develop and commercialise quantum computing technology. The subsequent negotiations facilitated the filing of an international patent application by the University of Sydney under the Patent Cooperation Treaty in the jurisdictions of Australia, European Union, China, Japan, Hong Kong, South Korea, and the United States of America.

Archer CEO, Dr Mohammad Choucair, is the co-inventor of the IP. The first written opinion of the international searching authority found that all 16 claims in the PCT were novel and inventive, and the invention can be made by, or used in, industry, respectively. This was the best possible result for the development at that time.

Less than 6 months later, on 15 August 2018, key licence terms for the exclusive licence were finalised with the University of Sydney, and shortly after on 12 December 2018, Archer obtained an exclusive licence for the breakthrough quantum computing IP. In January 2019, pioneering quantum physicist Dr Martin Fuechsle joined the Archer team as Quantum Technology Manager to lead the technology development aspect of commercialisation of ^{12}CQ and more broadly the Quantum Technology vertical.

Dr Martin Fuechsle brings over 10 years' experience in building quantum computing devices and technology. Dr Fuechsle holds





a PhD in Physics, 2011 (UNSW), BSc and MA in Physics at the University of Regensburg, Germany. He is the Australian Institute of Physics Bragg Gold Medallist for the most outstanding Physics PhD in Australia (2013), and an Honorary Affiliate of the University of Sydney, and a Former Research Fellow at CQC2T at UNSW (which is led by 2018 Australian of the Year Prof. Michelle Simmons). He is a former Researcher, Rio Tinto VK Technologies, at the University of Western Australia and was a Member of the Australian delegation at the Lindau Meeting of Nobel Laureates (2008). His work is highly cited ranking in the top 1% in the field of quantum technology and is an inventor on a number of patents detailing quantum computing technology.

Less than a year after negotiations began for the exclusive licence with the University of Sydney, on 3 April 2019, Archer commenced the ^{12}CQ Project with the aim of building a carbon-based quantum computing device (chip) capable of room-temperature quantum information processing that would form the future basis of a practical quantum computer. The ^{12}CQ qubit processor chip prototypes are being built at the Research and Prototype Foundry within the world-class $150 million purpose-built Sydney Nanoscience Hub facility at the University of Sydney. A Facilities Access Agreement with the University of Sydney provides Archer access to a number of dedicated instruments and cleanroom facilities at the Research & Prototype Foundry.

The cleanrooms at the Research and Prototype Foundry are classified at ISO Class 5 level, defined by a tightly regulated environment (temperature, humidity, and light) to provide an environment with extremely low levels of particulates.

The cleanrooms mitigate the risk of the external environment destroying the fabricated devices (e.g. dust particles can be thousands of times bigger than the circuitry and can damage the components). The cleanrooms are comparable to production-level cleanrooms found in major international semiconductor chip building foundries.

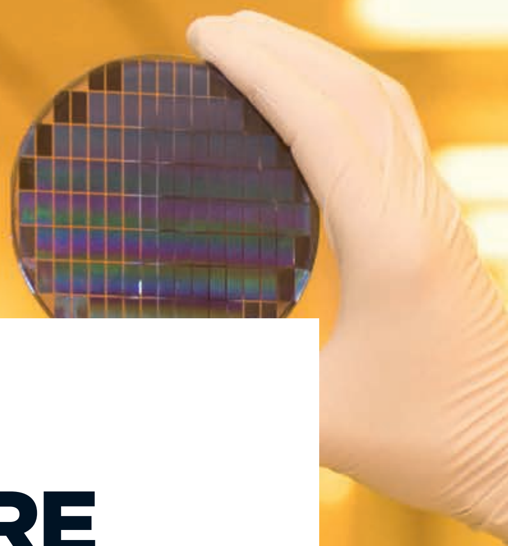
On 26 June 2019, the first stage assembly of the ^{12}CQ qubit processor components had been completed (Fig. X). The componentry assembled and shown in Fig. X. form a prototype chip's first-stages of basic device architecture (pattern assembly) intended to allow for the quantum computing functions of the ^{12}CQ carbon-based qubits once they are incorporated. This pattern assembly is an initial step towards fabricating a working qubit prototype representing a minimum viable product: a commercially-ready chip that can practically address and validate solutions to room-temperature quantum computing. The entire ^{12}CQ qubit processor chip is about the size of the width of a few human hairs and designed to accommodate Archer's nanosized qubits, that are similar in size to the main features of classical computer chips.

Fig. X. First-stage assembled components of the ^{12}CQ chip.

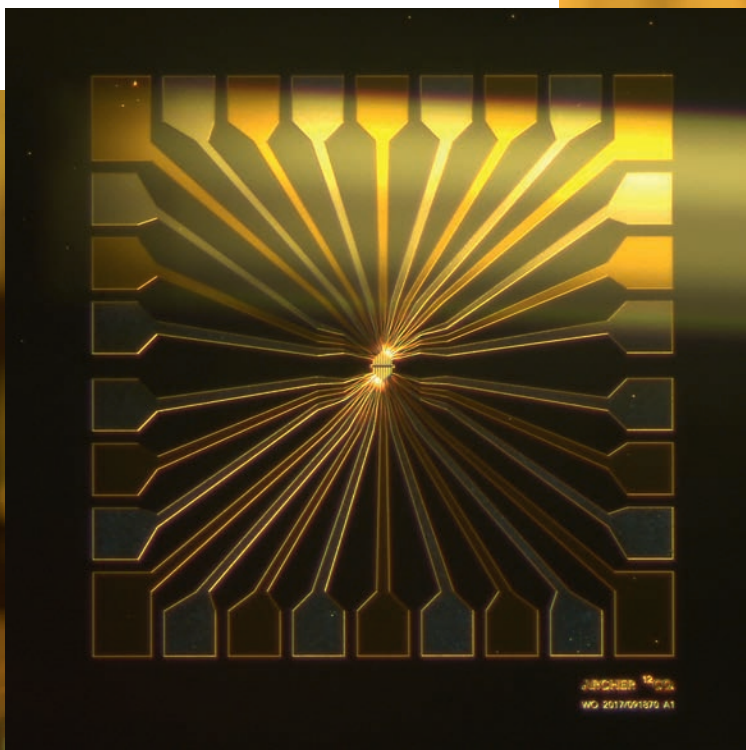
The technical development at the heart of ^{12}CQ is a world-first. Archer intends to continue technology de-risking value-added development of the ^{12}CQ qubit processor chip by completing the next stages of component assembly towards a proof-of-concept prototype chip at the Research and Prototype Foundry at the University of Sydney. The prototype chip validation is required to establish a minimum viable product solution that can address industry problems of room-temperature quantum computing operation and ready integration into modern electronics.

During this time, Archer will seek to establish commercial partnerships with highly resourced and skilled organisations including software developers and hardware manufacturers, that could allow the opportunity for product scale, knowledge and technology transfer, and product integration and distribution channels.

Given the established years of research and results supporting this IP, it has the potential, over a short time frame, to allow Archer to develop and commercialise a world first, practical quantum computing chip (device) and we are looking forward to our involvement in the development and commercialisation of this potential breakthrough in quantum computing.



A WORLD-FIRST: ROOM TEMPERATURE QUBIT PROCESSOR CHIP



/ Quantum Technology

Quantum computers consist of a core qubit processor (chip) made from materials capable of processing quantum information to solve complex calculations. The critical componentry, the qubits, inherently rely on advanced materials to allow for successful operation. One of the biggest challenges to wide-spread consumer use involves keeping the qubit stable at room-temperature while integrating into existing electronic componentry.

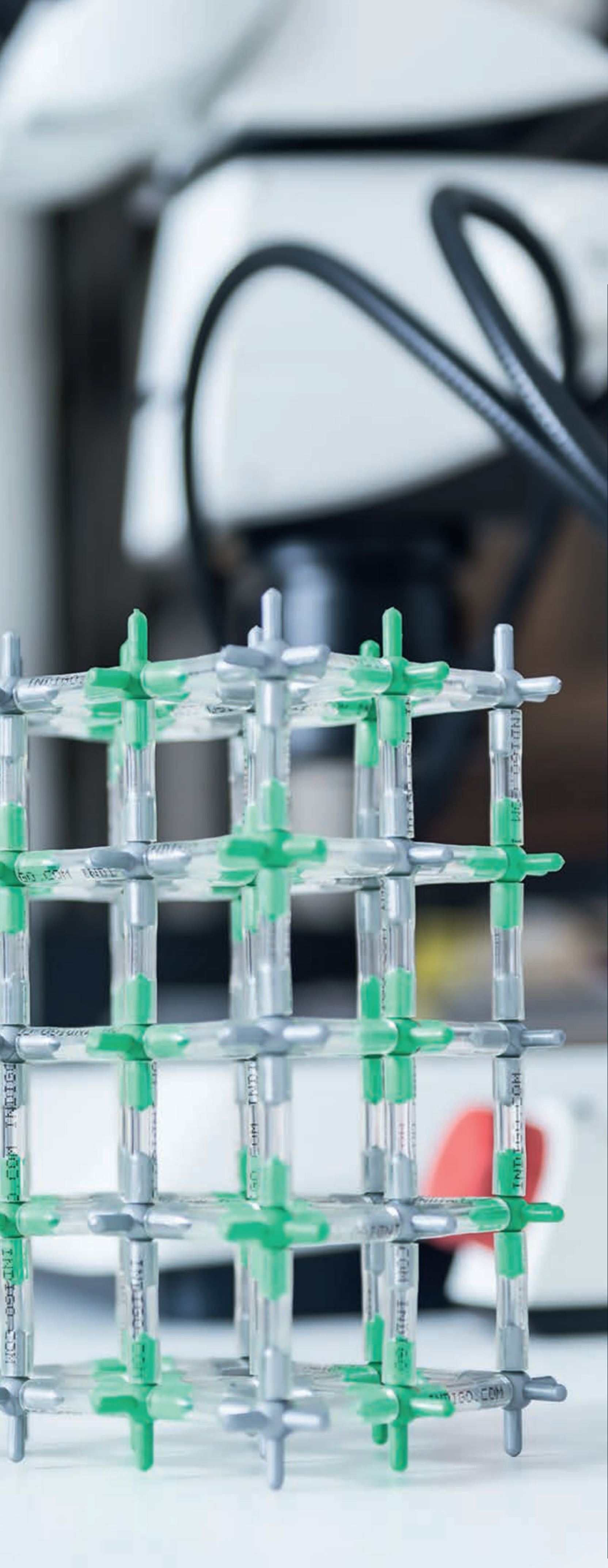
^{12}CQ aims to develop a room-temperature operation qubit processor chip that may overcome both the limitations of sub-zero operating temperatures and electronic device integration for qubits. This has the potential to reduce the commercial barriers to quantum computing making it globally accessible and catalysing a multibillion-dollar industry. The chip integration could allow for quantum computing onboard technologies consumed globally that would enable the widespread use of Artificial Intelligence, Digital Currencies, and Transportation, that may never be possible with current impractical quantum computing technology.

The technical discovery at the heart of ^{12}CQ's core IP has been published in the prestigious peer-reviewed scientific journal Nature Communications (www.nature.com/articles/ncomms12232) and the research was conducted between the University of Sydney (Australia) and EPFL (Switzerland), and validated at The Freie University of Berlin (Germany). The qubit processor comprises advanced carbon material components critical for its function, which are available in the inventory of Archer's wholly owned subsidiary, Carbon Allotropes.

ARCHER IS DEVELOPING MATERIALS TECHNOLOGY FOR RAPID DETECTION OF COMPLEX BIOMOLECULES CONNECTED TO THE HUMAN IMMUNE SYSTEM

Future technologies incorporating complex biosensing devices will need to quickly identify disease and infection. Archer is developing materials technology that can be integrated as functional elements for rapid detection of complex biological molecules connected to the human immune system. To do this, Archer is engaged in a collaboration agreement with the Australian Research Council Graphene Enabled Industry Transformation Research Hub (ARC Graphene Hub) at the University of Adelaide (ASX Announcement 20 March 2018) and has a material transfer agreement in place with a leading German Biotech (ASX Announcement 27 September 2018).

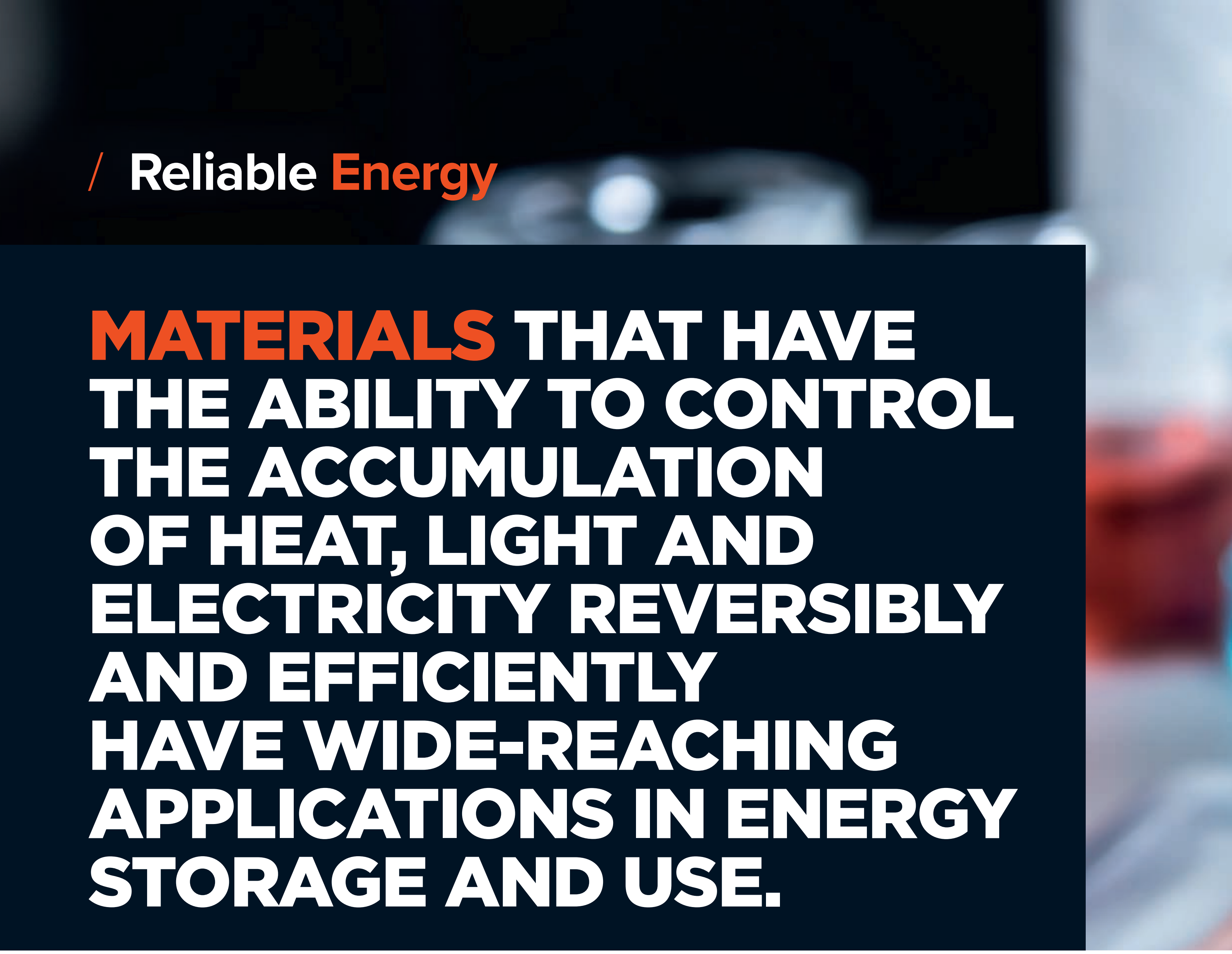
/ Human **Health**



During the year, Archer provisionally patented a potential solution to printable biosensors capable of multiplexing (ASX Announcement 19 February 2019). Archer is the sole applicant of the provisional patent, maintaining 100% ownership of the biosensor technology intellectual property (IP). Archer has until 15 February 2020 to consider maturing the application to a full patent. To mature the provisional patent, support of the claims in Archer's provisional patent requires detailed scientific protocols and evidence of the technical viability of the biosensor technology. This means that the exclusive right to commercially exploit the IP is fundamentally dependent on the successful development of the biosensor technology.

Key milestones were met in the development of the biosensor technology (ASX Announcement 23 July, 30 July, and 15 April 2019). Ink formulations comprised primarily of graphene, then human antibody immunoglobulin G (IgG), as the active constituents were successfully prepared and printed using proprietary methods. Printing techniques were employed using a state-of-art inkjet printer for the preparation of basic patterns. The IgG inks were printed on resin-coated paper and a number of graphene-based electrodes and were able to withstand the chemical and physical processes in the formulation, printing, and post-printing steps. The electrodes were characterised and confirmed for adequate biosensor function by a range of techniques at the ARC Graphene Hub.

Archer is in discussions with the German Biotech to cooperatively continue the development of the biosensor technology by establishing legally binding long-term material agreements. Collaboration with the ARC Graphene Hub will continue, with a focus on optimising ink formulations and their digitised processing methods (e.g. synthesis, printing, post printing treatments), and identifying transduction methods, bioreceptors, analytes, coupling and assay reagents for the proper function of the biosensor technology to provide strong support for the claims and embodiments in the provisional patent.



MATERIALS THAT HAVE THE ABILITY TO CONTROL THE ACCUMULATION OF HEAT, LIGHT AND ELECTRICITY REVERSIBLY AND EFFICIENTLY HAVE WIDE-REACHING APPLICATIONS IN ENERGY STORAGE AND USE.

Energy technologies are an integral part of society. The ability to control the accumulation of electricity efficiently and reversibly has wide-reaching applications in energy storage and use. At Archer, we are developing materials for a future circular economy based on alternatives to fossil fuels, like lithium-ion batteries.

Spherical graphite materials are a high-value materials entry point for the Li-ion battery. Li-ion batteries consist of a group of batteries which operate with graphite in the anode. Improvements in the anode are based on using graphite with high structural quality and purity, and an appropriate particle size and optimal morphology for effective lithium-ion intercalation chemistry. Materials processing can lead to graphite morphologies that contribute to positive performance trade-offs, with typical examples including spherical graphite.

Archer is engaged in a Collaboration Agreement and Research Service Agreement with the University of New South Wales ("UNSW") to focus on carbon-based energy storage technology (ASX Announcement 18 April 2018). During the year, Archer and UNSW signed an agreement extending the term of the Research Service Agreement to January 2021. The ongoing work with UNSW is focused on addressing the trade-off between cost and battery performance using Archer's Campoona graphite at the anode of lithium-ion batteries and formulating, building, and testing full-cell batteries.

Graphite from Campoona is known to be structurally near perfect down to the atom-scale (ASX Announcement 6 April 2018), and the intrinsic physical

/ Reliable Energy

properties of Campoona graphite confirmed suitability for use in lithium-ion batteries. On 21 August 2018, it was announced that 99%+ and 95% natural Campoona flake graphite was used to produce commercially scalable full-cell configuration Li-ion batteries at the University of New South Wales.

Archer's Campoona graphite materials were used at the anode, with commercially equivalent cathode materials and chemistries used that are commonly found in consumer electronics and electric vehicles. The cathode materials used to construct the full-cells were lithium-iron phosphate (LFP), lithium-cobalt oxide (LCO), and lithium-nickel-manganese-cobalt (NMC), and batteries were prepared as coin-cells i.e. in a small-sized compact battery construction resembling a coin.

Key battery performance parameters, including specific capacity and cycle stability, were in-line with industry state-of-art values, owing in-part to the exceptional structural and chemical properties of Archer's Campoona graphite.

On 12 March 2019, Archer announced the successful conversion of 95% and 99%+ natural flake graphite from Campoona into high value spherical graphite using proprietary technology developed by Archer's Japanese Partner. The high-value graphite conversion to a spherical graphite product was performed by small-scale (kilogram quantity) mechanical milling processes that led to products with a particle size centred around 15-microns with a narrow size distribution (i.e. D90/10 ratio of less than 3); morphology properties which meet a key established market requirement for use in lithium-ion battery applications.

Optimal morphologies (such as spherical graphite) for lithium-ion batteries are being tested in commercially relevant battery types to address a prerequisite market requirement of consistency in technical specifications for large-volume production materials. Testing and integration of high-value add graphitic materials continues, to ensure that the Company can successfully add value to the Campoona graphite resource, and that the project can be successfully developed to return maximum benefit to shareholders and the community.

/ Carbon Allotropes

BRINGING CARBON TOGETHER

The acquisition of Carbon Allotropes (www.carbonallotropes.com) in late 2017 was in line with Archer's goal of acquiring businesses that complement existing operations, deliver scale, and are of immediate benefit to Archer shareholders. Carbon Allotropes fit all of these criteria, as well as spearheading Archer's global reach by expanding real-world validation of the Company's materials technology with institutes and companies in Australia, Asia, the US, and EU. Carbon Allotropes is an online carbon materials marketplace, including graphene, graphite, nanodiamonds, fullerenes and other carbon allotropes products. The acquisition brought to Archer world-class expertise, a diverse advanced materials inventory, and access to over $300 million in product research and development infrastructure. This has allowed the Company to rapidly identify, evaluate and respond to market opportunities for acquisitions, partnerships, and growth, by applying end-to-end materials centric solutions that address complex challenges in computing, healthcare, and electricity consistent with Archer's strategy.

MINERAL EXPLORATION

Early in the materials lifecycle there is the need to source and secure high-volume and high-value feedstock minerals and commodities. We're exploring Australia's natural resources to source the building blocks of modern technology. Our projects span critical minerals like graphite, copper, cobalt, manganese, tungsten, and more, as part of our broader mineral exploration strategy to capture valuable commodities for downstream energy and technology markets.

At Archer, we explore for minerals that are categorised by many world economies as 'critical' raw materials that are important to their long-term economic growth and supply-chain security. In this report, we also provide important information in the context of our exploration activity.

GRAPHITE

Archer's Eyre Peninsula Graphite Project is located near the township of Cleve which is approximately 120km south-east of Whyalla, South Australia.

The larger Eyre Peninsula Graphite Project (EPGP) comprises Campoona Shaft, Campoona Central and Wilclo South, Waddikee (including Lacroma, Wilclo, Wilclo South and Cut Snake) and Sugarloaf projects. The EPGP has a global Mineral Resource of 8.55 million tonnes at 9.0% TGC (5% TGC lower cut-off), refer to the "Mineral Resources" section of this document for a detailed description of all of the Company's mineral resources by project and mineral resource category.

The Company's plan is to mine the Campoona Shaft deposit by open-pit method using conventional truck and excavator operations. Mining trucks (most likely 40t class) will transport material from the pit to the run-of-mine (ROM) pad and waste rock storage facilities (WRSF) adjacent to the Campoona Shaft mine. The mine will most likely commence as free dig operations.

Mineral processing will be carried out at the centralised on-site Sugarloaf Graphite Processing Facility, located 22km by road from Campoona Shaft (see Sale of Sugarloaf Land). The graphite mineral processing will comprise crushing, blunging, rougher flotation, concentrate milling, cleaner/recleaner flotation and chemical leaching.

In December 2017, Archer was granted a mining lease (Campoona Shaft) and two associated miscellaneous purposes licences for the EPGP. The mining lease allows, subject to the grant of all remaining environmental approvals, the mining of graphite ore at Campoona Shaft and the processing of approximately 10,000 tonnes per annum (tpa) of ultra-high-quality graphite and up to 100 tpa of graphene at the Sugarloaf Graphite Processing Facility.

Although the mining lease and two miscellaneous purpose licences have been granted, activities on-site cannot commence until a Program for Environment Protection and Rehabilitation (PEPR) has been approved by the South Australian Government.

Since the grant of the mining lease, the Company has undertaken successful testing of the graphite in lithium ion batteries and the making and testing of spherical graphite (refer to the "Reliable Energy" section of this document for more information). Due to the success of this work, Archer plans to

/ Mineral **Exploration**

investigate high-value added graphite product processes (spherical graphite coating; and graphite purification) and other market opportunities (end-use integration) to ensure that the Company can successfully add value to Campoona, and that the project can be successfully developed to return maximum benefit to shareholders and the community.

In order to investigate the graphite processing value add opportunities, Archer has drafted a request to a further 12-month extension to submit a proposed PEPR to the South Australian Government Department of Energy and Mining. An extension to 4 December 2020 would allow Archer to pursue downstream partnership and development opportunities with lithium-ion battery manufacturers and end-users prior to the completion of a PEPR. The Company has not yet received an extension to the PEPR submission date.

COPPER

Archer has previously reported successful copper exploration on the Company's Eyre Peninsula and North Burra project areas. Both areas are prospective for different styles of copper mineralisation with Emu Plain (Eyre Peninsula) more likely to be associated with iron-oxide-copper-gold (IOCG) style mineralisation and the larger Blue Hill (North Burra) prospect displaying characteristics of a large intrusive style mineralising system. The Company completed a reverse circulation drill program at Blue Hills in early 2019, there was no exploration at Emu Plain during the 2018/19 financial year.

The Blue Hills Copper-Gold Prospect is a large district scale copper anomaly covering an area of 25km2, located approximately 240km north of Adelaide, South Australia. At Blue Hills, Archer has discovered three large scale gold and copper in soil anomalies (Hood, Hawkeye and Katniss). The large scale of these anomalies is shown in Fig. 1. which compares their size to the size of the Melbourne CBD.

In January / February 2019 Archer completed a twelve hole reverse circulation (RC) drill program, a total of approximately 1,800 drill metres, at the Blue Hills Copper-Gold Project. The drilling was targeting large coincident copper-gold in soils anomalies at Hood, Hawkeye and Katniss prospects and an electromagnetic signature proximal to a modelled intrusion.

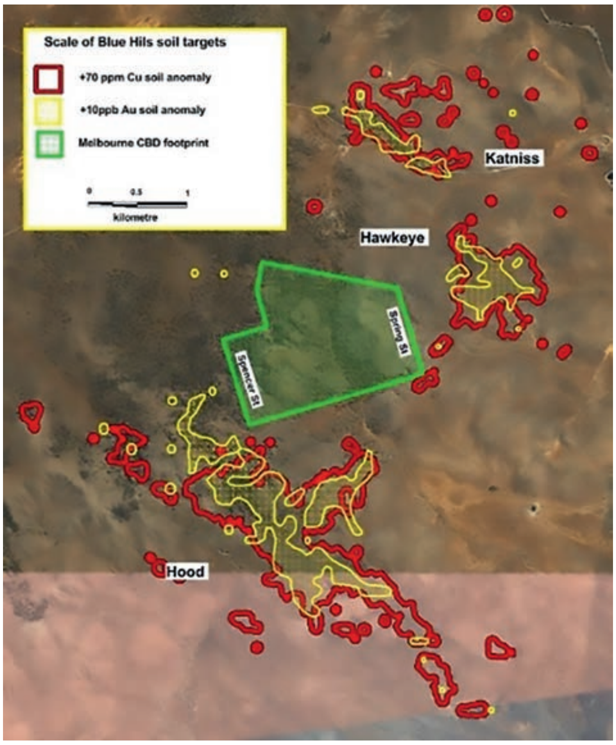


Fig. 1. Blue Hills gold and copper in soil anomaly. The area representing the Melbourne CBD is overlaid for size comparison, with the respective bounds of the CBD's Spencer Street and Spring Street shown.

The first drill results from Hood were reported in April 2019, with Archer reporting that drilling appeared to confirm the conceptual model of Hood as an intrusive style copper-gold mineralised system. The holes drilled at Hood confirmed that the rocks are different to the surrounding geology and that Hood has been subjected to a large-scale alteration event. The drill results also showed that the alteration at Hood is consistent with the type of alteration associated with intrusive style copper-gold deposits.

In 2017, Archer drilled some shallow RC holes below a shallow historic mine near Hood. The reverse circulation drill holes drilled by Archer in 2017 and those drilled in 2019 were targeting the areas of coincident high surface mineralisation and associated electromagnetic conductors. The holes that were drilled to relatively shallow depths at Hood in 2017 and 2019 (RC holes HDRC19-01, HDRC19-02, HDRC19-03, YGRC19-01 and HDRC19-04) appear to have gone over the top of the target and the drill results have been interpreted by Archer to mean that the mineralisation encountered in some of these holes may represent the edge of a stronger mineralised zone at depth and to the south **(Fig. 2).**

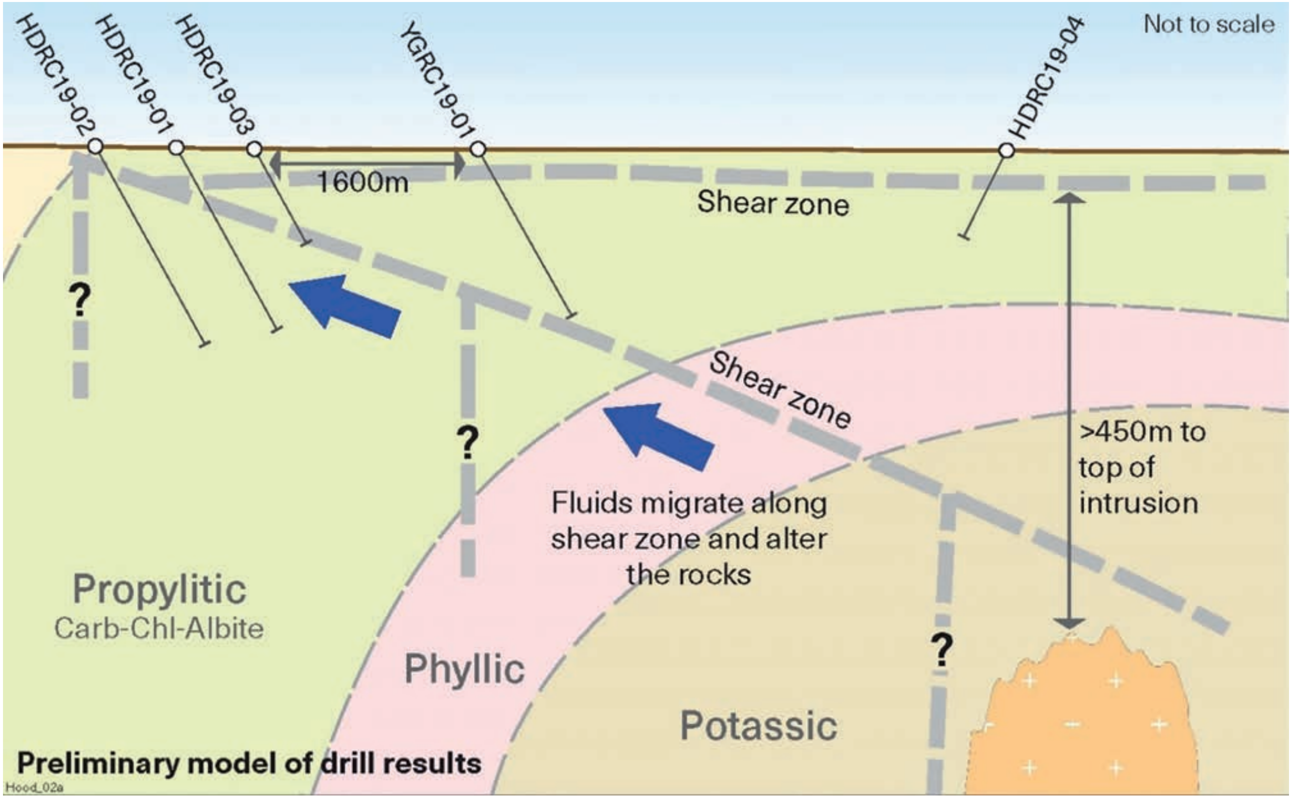


Fig 2. Conceptual model for the alteration system observed in RC drilling at Hood prospect.

The drill results from Hawkeye and Katniss were higher in gold and lower in copper grade than at Hood which may indicate fractionation across the district, over an area of approximately 8km2, implying a different intrusive source at Katniss and Hawkeye than the mineralisation at Hood. This widespread fractionation is most likely the reason for Katniss and Hawkeye assay results showing higher gold values than at Hood.

The higher gold values at Katniss and Hawkeye could also be the result of these prospects being further from the intrusion that Hood or result from the mineralisation at Hawkeye and Katniss being derived from a separate intrusion. Several intrusions have been modelled in the area.

In addition to the results from the RC drill holes, Archer discovered the presence of albitite (a sodium rich rock) as float in the Hood area and also in situ between Hawkeye and Katniss. The vein nature of this material could be a “high level” type of rock/mineral, which exists above the actual granite intrusion. The presence of albitite also supports the intrusive model proposed for the large-scale mineralising system at Blue Hills.

The drilling at Blue Hills also showed the presence of pathfinder minerals such as bismuth, tellurium and arsenic (e.g. in the form of pyrite) associated with the copper, gold and molybdenum mineralisation. Whilst relatively low in concentration, the presence of these pathfinder minerals with the gold mineralisation and the identification of minor intrusive material (e.g. albitite) supports Archer’s intrusive style geological model.

In summary, the 2017 and 2019 drilling results at Blue Hills supports the concept that the exposed mineralisation is proximal in nature to an inferred intrusion or intrusions located at depth immediately east of Hood, Hawkeye and Katniss. The possible presence of these buried intrusions is important as the intrusions are most likely to be the main source of the mineralisation. In addition to the modelled intrusives, the review identified several conductors that run parallel to regional west-northwest and north-northeast structural trends. Confirmation of the interpreted intrusions would require further drilling.

Emu Plain is located near Cleve on South Australia’s Eyre Peninsula. The Emu Plain Copper Project is focussed on the discovery of copper mineralisation proximal to the historic Emu Plain copper mine that was first developed in the early 1900s and last re-developed in the 1950s.

/ Mineral Exploration

Previous RC drilling by Archer in the vicinity of the historic shaft, intersected copper mineralisation with the best results being: 37m @ 0.13% Cu and 4.2g/t Ag from 0 to 37m in EPRC11_001 (EOH); and 10m @ 0.50% Cu from 27 to 38m in EPRC11_003 (including 1m@ 2.18% Cu and 6g/t Ag from 29m).

Whilst all three RC holes drilled by Archer intersected broad zones of highly anomalous copper mineralisation, it is believed that the holes were drilled in the footwall, rather than into the body of the main copper lode. The scale and intensity of alteration suggests that the drilling intersected part of a much larger alteration and mineralisation system. The size and nature of the mineralised system is unknown at this time.

No exploration was undertaken at Emu Plain during the 2018/19 financial year.

COBALT

The Company's North Broken Hill Project is the focus of Archer's cobalt exploration efforts. The North Broken Hill Project is located approximately 20km north of Broken Hill, New South Wales.

The North Broken Hill Project area has had considerable historic exploration by other explorers which was focussed on the discovery of Broken Hill style lead-zinc targets using the nearby giant Broken Hill deposit as a model. Virtually no exploration has been undertaken over the greater Wilyama Complex rocks for other deposit styles despite the existence of hundreds of small prospects and workings for copper and gold. In addition, no significant exploration had been undertaken for cobalt despite the occurrence of cobalt at Cobalt Blue Ltd's nearby Thackaringa Cobalt Project Pyrite Hill, Big Hill and Railway deposits. The Thackaringa Cobalt Project is hosted in the Himalaya Formation which extends north from Thackaringa into Archer's tenements and has not been systematically explored for cobalt.

Archer reviewed the existing databases for the region for geology and mineralisation, and noted the occurrences of many small workings for copper and/or gold, often grouped along apparent structures for considerable strike lengths. The North Broken Hill Project covers an area >400km2 and since the grant of the tenements Archer has been systematically evaluating and sampling known mineral occurrences with the objective of defining prospects with suitable drill targets for copper, cobalt and gold. The project commenced in mid-2017 and is at an early stage. However, significant progress has been made with some early encouraging results.

Based on geochemical results to date, Archer has identified eight prospects, identified as either cobalt or copper prospective. These are Yancowinna (cobalt), Himalaya (cobalt), Golden King West (cobalt), Purnamoota (cobalt), Highway (cobalt), Salty Hill (cobalt), Yancowinna (copper) and Purnamoota (copper).

Archer identified a total of 135 sites related to copper (Cu) and cobalt (Co) potential from open file data and unrelated to silver-lead-zinc occurrences. To date approximately 90% of these occurrences have been assessed by reconnaissance site visits and rock chip sampling. In excess of 1,000 samples have been submitted for analysis.

Archers work to date has identified two different styles of cobalt mineralisation:

- Himalaya style where cobalt is hosted within the Himalaya Formation and associated with pyrite mineralisation; and
- Great Eastern /Sisters style, cobalt associated with iron formations and often with associated copper mineralisation.

The North Broken Hill Project is at an early stage and all prospects defined to date require further exploration assessment before their potential can be properly evaluated.

Whilst the North Broken Hill Project has been the focus of the Company's cobalt exploration efforts, the Company has also discovered cobalt at the Yarcowie Project, located 20km east of the Tesla 100MW battery array at Jamestown, South Australia.

Archer has mapped the cobalt mineralisation at Yarcowie over a length of 1km and a width of approximately 500 metres. Much of the area prospective for cobalt is under cover and the Company has only been able to collect samples from those areas where rock outcome has been identified. Rock chips have been collected from the rock outcrop with high grades ranging from 0.36% (3,600ppm) to 0.94% (9,400ppm) cobalt.

The vein sets that host the manganese and cobalt mineralisation were originally thought to be conformable to the geology (i.e. orientated in the same direction), however the discovery of cobalt over a larger area suggests that the mineralisation is in fact at right angles to the stratigraphy. This feature will require further exploration to better understand the structure, topographical features and geology that controls the cobalt mineralisation.

The prolonged decrease in the cobalt price during the past 12 months has led to Archer focussing on the Blue Hills Copper-Gold Project rather than cobalt exploration at Yarcowie and North Broken Hill. The Yarcowie Project remains prospective for cobalt and Archer may revisit the area when cobalt prices increase.

TIN AND TUNGSTEN

Whilst the Company's main focus at the North Broken Hill Project has been on exploration for cobalt and copper mineralisation, a review of historical information led to the identification of scheelite hosted tungsten mineralisation within the tenement area. The tungsten mineralisation is stratigraphically hosted, and it is thought that the scheelite was partially remobilised into fold hinges and retrograde calc-silicate rocks in the deformation history.

The known outcrop has been mapped extensively over Archer's tenement area and the mineralised horizon likely extends under cover. The Company intends to undertake further exploration for tin and tungsten during 2019/20.

MANGANESE

The Company has two early stage exploration manganese projects, the Ketchowla Cobalt-Manganese Project and the Jamieson Tank Manganese Project. Ketchowla is located within the area of the North Burra Project tenements and is approximately 45km north of Burra, South Australia. Jamieson Tank is located on South Australia's Eyre Peninsula and is within 2km of the proposed Sugarloaf Graphite Processing Facility, near the township of Cleve.

In May 2018, Archer announced a maiden exploration target of 15Mt - 25Mt at a grade of 8 - 12% manganese for the Jamieson Tank Manganese Project. Investors should be aware that the potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Previous test work undertaken by Kemetco, on behalf of Archer, showed that the Jamieson Tank manganese was capable of making an electrolytic manganese dioxide (EMD) product with a manganese content of > 92% which is the standard required for alkaline and lithium ion batteries.

As a result of the positive results from the Kemetco work, Archer has commissioned additional test work, the results of which are not yet available. Apart from this additional test work, no exploration was undertaken at Ketchowla or Jamieson Tank during 2019/20.

SALE OF MAGNESIA PROJECT

Archer acquired the Leigh Creek Magnesia Project in 2011 when the Company was granted two exploration licences that covered the Leigh Creek Magnesia deposits. The deposits extend for over 20km, are mostly outcropping and have been mapped and explored since the mid-1900s. In the late 1990's, Magnesium International Ltd (formerly Pima Mining Ltd) sought to develop a magnesium metal processing plant at Port Pirie using magnesite feedstock from the Leigh Creek Magnesia Project. Magnesium International were unable to fund development of the magnesium metal project and subsequently relinquished all tenements covering the Leigh Creek Magnesia deposits.

The manufacture of magnesium metal from magnesite ore is a very capital intensive and power-hungry process. Consequently, Archer sought to identify other low capital costs methods for the processing of the magnesite ore. The Company identified the manufacture of caustic calcined magnesia (CCM) and dead burn magnesia (DBM) as possible processing options for the magnesite ore. Both CCM and DBM can be made by heating the magnesite in a kiln to approximately 750 Celsius for CCM and 1500 Celsius for DBM.

The Company undertook a bulk trial at the Whyalla Steelworks where approximately 300 tonnes of magnesite ore was heated in a kiln to make CCM and DBM. Whilst the trial was successful, the Company was unable to secure a long-term deal to access the kiln and the decision was made to sell the Leigh Creek Magnesia Project.

/ Mineral Exploration

On 2 July 2018, Archer executed legally binding agreements for the sale of the Leigh Creek Magnesia Project for $2.0 million. Completion of the sale and purchase (Completion) was conditional on the satisfaction or waiver of the following conditions precedent (each a Condition):

- Buyer conducting due diligence and the results of those enquiries being to the satisfaction of the buyer.
- Archer shareholder approval to the sale of the Leigh Creek Magnesia Project.
- The consent (if required) of counterparties under agreements affecting the Tenements.

The last of the Conditions was satisfied in September 2018 and the sale and purchase agreement became unconditional at that time. Completion is scheduled to take place by 15 January 2020 unless extended by the buyer. The buyer may extend Completion by three months (i.e. to 15 April 2020) by paying the amount of $250,000 to Archer and the buyer may also extend for a further three months (i.e. to 15 July 2020) by paying an additional $250,000 (total of $500,000) to Archer. The Company will receive $1.75 million at Completion less any amounts paid by buyer to extend the date of Completion (see “Factors Affecting Future Performance” Section of this report).

IPO OF NON-GRAPHITE PROJECTS

In July 2018, the Company announced its intention to separate the Advanced Materials and Mineral Exploration business functions by way of a spin out and initial public offering (IPO) of the non-graphite assets. Under this proposal, the graphite project and Advanced Materials business would stay with Archer and the other non-graphite assets would be sold to a new company, Ballista Resources Ltd (Ballista), which would list on the ASX before the end of 2018.

Ballista was to complete an IPO and then list on ASX. Upon ASX listing of Ballista, the Company was to receive 48 million Ballista shares. As a result of a number of external factors including poor market conditions, Ballista was unable to complete the IPO and ASX listing in 2018. The relevant agreements for the sale and purchase of the non-graphite assets were terminated and Archer retained 100% ownership of the non-graphite assets.

The Company remains confident in the potential of the non-graphite assets. Since the termination of the agreements with Ballista, the Company has explored the non-graphite assets, including:

- Declaration of a maiden exploration target for the Eyre Peninsula High Purity Alumina Project.
- Completion a reverse circulation drill program at Blue Hills.
- Announcement of an updated assessment of the Bartels Gold Project.
- Further metallurgical test work at the Jamieson Tank Manganese Project.
- Undertaking of tungsten focussed exploration at North Broken Hill Project.

SALE OF SUGARLOAF LAND

During November 2018, Archer announced the sale of its Sugarloaf farmland for $1.35 million. Under the terms of the Land Sale Agreement, Archer sold the entirety of the Sugarloaf farmland but retains an option to buy back approximately 30% of the Sugarloaf farmland, which will be required for the construction of the Sugarloaf Graphite Processing Facility. The option to buy back part of the land may be exercised by Archer any time during the next 20 years.

Archer purchased the farmland in April 2013 and at the time of the acquisition, the final size of the Sugarloaf Graphite Processing Facility and associated tailings dam was unknown. Since 2013, Archer has finalised the design and areal extent of the Sugarloaf Graphite Processing Facility, and as a result, the Company has made the decision to sell the Sugarloaf farmland.

Settlement of the sale and purchase was completed in July 2019 with Archer receiving the $1.35 million sale proceeds at that time.

MINERAL RESOURCES

EYRE PENINSULA GRAPHITE PROJECT

JORC 2012 Compliant

Project	Category	Cut-off grade (% Cg)	Tonnes (Mt)	Graphitic Carbon %	Contained Graphite (t)
Campoona Shaft	Measured	>5.0	0.32	12.7	40,600
	Indicated	>5.0	0.78	8.2	64,000
	Inferred	>5.0	0.55	8.5	46,800
Central Campoona	Indicated	>5.0	0.22	12.3	27,100
	Inferred	>5.0	0.30	10.3	30,900
Wilclo South	Inferred	>5.0	6.38	8.8	561,400
Total Resource			8.55	9.0	770,800

LEIGH CREEK MAGNESIA PROJECT

JORC 2012 Compliant

Project	Category	Tonnes (kt)	MgO (%)
Mount Hutton Central	Measured	12,059	40.1
	Indicated	5,460	40.2
Total Resource		17,523	40.3

JORC 2004 Compliant

Project	Category	Tonnes (Mt)	MgO (%)
Mount Hutton South	Indicated	72	42.9
	Inferred	53	42.9
Mount Playfair	Indicated	21	42.5
	Inferred	23	42.5
Pug Hill	Indicated	10	42.7
	Inferred	10	42.7
Termination Hill	Measured	4	42.8
	Indicated	5	42.8
	Inferred	20	42.8
Witchelina	Measured	23.7	40.0
	Indicated	94	40.0
	Inferred	99	40.0
Total Resource		434.7	41.4

/ Mineral Exploration

COMPETENT PERSON STATEMENT

The Mineral Resources Statement as a whole has been approved by Wade Bollenhagen who consents to its inclusion in the Annual Report in the form and context in which it appears.

The exploration results and exploration targets 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 twenty 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 2012 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.

CAMPOONA SHAFT AND CENTRAL CAMPOONA

The information pertaining to the Campoona Shaft and Central Campoona Mineral Resource estimates were:

- detailed in an announcement entitled "Archer Exploration announces Australia's largest JORC 2012 Graphite Resources", lodged with ASX on 6 August 2014.

- prepared by Mr B Knell who is a Member of the AusIMM and peer reviewed by Dr C Gee who is also a Member of the AusIMM (CP). At the time of the report Mr Knell and Dr Gee were both full time employees of Mining Plus Pty Ltd and both qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

WILCLO SOUTH

The information pertaining to the Wilclo South Mineral Resource estimate was:

- extracted from an announcement entitled "Maiden Wilclo South Graphite Resource", lodged by Monax Mining Limited with ASX on 26 August 2013.

- prepared by Ms Sharon Sylvester who at the time of the report Ms Sylvester was a full-time employee of AMC Consultants Pty Ltd and qualifies as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

LEIGH CREEK MAGNESITE PROJECT

The information pertaining to the Mt Hutton Central Mineral Resource estimate was:

- extracted from an announcement entitled "Mount Hutton Central JORC 2012 Resource", lodged with ASX on 12 April 2016.

- prepared by Mr Wade Bollenhagen who is a full-time employee of Archer Exploration Limited and qualifies as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The information relating to the Leigh Creek Magnesite Resource (excluding Mount Hutton Central) was first reported by Pima Mining NL on 3 September 1999 and was prepared in accordance with the JORC Code 1999.

CONFIRMATION BY ARCHER

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements referred to above and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

EYRE PENINSULA GRAPHITE PROJECT

There has been no change in the Campoona Shaft, Central Campoona or Wilclo South Mineral Resource estimate stated as at 30 June 2018. Accordingly, no comparison is provided.

The information pertaining to the Campoona Shaft and Central Campoona Mineral Resource estimates were:

/ Mineral Exploration

- Detailed in an announcement entitled “Archer Exploration announces Australia’s largest JORC 2012 Graphite Resources”, lodged with ASX on 6 August 2014.

- Prepared by Mr B Knell who is a Member of the AusIMM and peer reviewed by Dr C Gee who is also a Member of the AusIMM (CP). At the time of the report Mr Knell and Dr Gee were both full time employees of Mining Plus Pty Ltd and both qualify as Competent Persons as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’.

WILCLO SOUTH MINERAL RESOURCE

The information pertaining to the Wilclo South Mineral Resource estimate was:

- Extracted from an announcement entitled “Maiden Wilclo South Graphite Resource”, lodged by Monax Mining Limited with ASX on 26 August 2013.

- Prepared by Ms Sharon Sylvester who at the time of the report was a full-time employee of AMC Consultants Pty Ltd and qualifies as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’.

SCOPING STUDY

The Eyre Peninsula Graphite Project Scoping Study was first released as an ASX announcement entitled “Positive results from SA Graphite Project scoping study”, lodged with ASX on 19 September 2016. Archer confirms that all material assumptions underpinning the production target and financial information set out in that announcement continue to apply and have not materially changed.

LEIGH CREEK MAGNESIA PROJECT

There has been no change in the Leigh Creek Magnesia Project Mineral Resource estimate as at 30 June 2018. Accordingly, no comparison is provided.

MT HUTTON CENTRAL MINERAL RESOURCE

The information pertaining to the Mt Hutton Central Mineral Resource estimate was:

Extracted from an announcement entitled ‘Mount Hutton Central JORC 2012 Resource’, lodged with ASX on 12 April 2016.

- Prepared by Mr Wade Bollenhagen who is a full-time employee of Archer Exploration Limited and qualifies as Competent Persons as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’.

LEIGH CREEK MAGNESIA MINERAL RESOURCES (EXCLUDING MT HUTTON CENTRAL)

The information relating to the Leigh Creek Magnesia Resource (excluding Mount Hutton Central) was first reported by Pima Mining NL on 3 September 1999 and was prepared in accordance with the JORC Code 1999.

Archer has since updated the Mount Hutton Central Resources to JORC 12 standard however, the remaining Leigh Creek Magnesia Project Mineral Resource (comprising Witchelina, Termination Hill, Pug Hill, Mt Playfair and Mount Hutton South) is a historic estimate prepared by Pima Mining NL. There has been no material change or re-estimation of those mineral resources since they were first reported or as a result of the introduction of the 2012 JORC Code.

Future estimations will be prepared in accordance with 2012 JORC Code. Archer’s focus is on the development of Mount Hutton Central, which the Company believes, has the potential to support a mining operation. As such, no work was done during the year on updating and reporting the remaining Leigh Creek Magnesia Project Mineral Resource historic estimate in accordance with JORC Code 2012.

Archer does not intend to upgrade the historic estimate to JORC 2012 standard prior to completion of the sale of the Leigh Creek Magnesia Project.

LEIGH CREEK MAGNESIA PROJECT STUDY

The Leigh Creek Magnesia Project Study was first released as an ASX announcement entitled “Leigh Creek Magnesite - Project Study”, lodged with ASX on 21 March 2016. Archer confirms that all material assumptions underpinning the production target and financial information set out in that announcement continue to apply and have not materially changed.

/ Mineral Exploration

GOVERNANCE

Archer maintains strong governance and internal controls in respect of its estimates of Mineral Resources and the estimation process. Archer ensures its sampling techniques, data collection, data veracity and the application of the collected data is at a high level of industry standard. Contract RC and diamond drilling with QA/QC controls approved by Archer are used routinely. All drill holes are logged by Archer geologists.

Archer employs QC procedures, including addition of standards, blanks and duplicates ahead of assaying which is undertaken using industry standards and fully accredited laboratories. Assay data is continually validated and stored. Geological models and wireframes are built using careful geological documentation and interpretations. Resource estimation is undertaken using industry standard estimation techniques and include block modelling. Application of other parameters including cut off grades, top cuts and classification are all dependent on the style and nature of mineralisation being assessed.

TENEMENT INTERESTS

EXPLORATION LICENSES

Location	Tenement	Commodity
South Australia		
North Cowell	EL 6363	Graphite
Cockabidnie	EL 5791	Graphite
Wildhorse Plains	EL 5804	Graphite
Waddikee	EL 5815	Graphite
Carpie Puntha	EL 5870	Graphite
Carappee Hill	EL 5920	Graphite
Witchelina	EL 6019(1)	Magnesite
Termination Hill	EL 5730(1)	Magnesite
Burra North	EL 6351	Base Metals
Napoleons Hat	EL 5769	Copper / Gold
Blue Hills	EL 5794	Copper / Gold
Whyte Yarcowie	EL 5935	Cobalt / Copper
Pine Creek	EL 6000	Copper / Gold
Altimeter	EL 6029	Copper / Gold
Franklyn	EL 6160	Copper / Gold
Peterborough	EL 6287(2)	Copper / Gold
Bendigo	EL 6354(2)	Copper/Gold

/ Tenement Interests

Location	Tenement	Commodity
New South Wales		
Morris's Blow	EL 8592	Cobalt / Copper
Broken Hill	EL 8593	Cobalt / Copper
Broken Hill	EL 8594	Cobalt / Copper
Broken Hill	EL 8595	Cobalt / Copper
Campbells Ck	EL 8779(2)	Cobalt / Copper
Crowie Creek	EL 8871(3)	Copper/Gold
Western Australia		
Mt Keith	E53/1926 (2)	Nickel

OTHER LICENSES

Location	Tenement	Commodity
South Australia		
Campoona Shaft	ML 6470	Graphite mining
Sugarloaf	MPL 150	Graphite and graphene processing
Pindari	MPL 151	Process water for Sugarloaf

1. Tenement sold during FY19
2. Tenement granted during FY19
3. Tenement granted subsequent to FY19

DIRECTOR'S REPORT

Your Directors present this report on Archer Exploration Limited and its consolidated entities ('Group' or 'Archer'), for the year ended 30 June 2019.

The Operating and Financial Review (which includes the Chairman's Review) of this Annual Report is incorporated by reference into, and forms part of, this Directors' Report.

/ Directors' Report

DIRECTORS

The following Directors were in office at any time during or since the end of the financial year.

- Gregory David English
- Alice McCleary
- Paul Rix

GREGORY ENGLISH

LLB, BE (Mining)
Executive Chairman

Greg English is the co-founder and Executive Chairman of Archer. He has been Chairman of the board since 2008 and has overseen Archer's transition from a South Australian focussed minerals exploration company to a diverse technology materials company. He has more than 25 years of engineering and legal experience and has held senior roles for Australian and multinational companies.

Greg has received recognition for his work as a lawyer having been recognised in The Best Lawyers® in Australia, 2020 Edition in the area of Commercial Law.

Greg is an experienced company director and also serves on the boards of other ASX listed companies. He holds a bachelor's degree in engineering and a law degree (LLB).

Directorships of other ASX Listed entities in the last 3 years:
Core Lithium Limited (ASX:CXO), Leigh Creek Energy Limited (ASX:LCK).

Interest in Shares:
9,482,233 ordinary shares.

Special Responsibilities:
Executive Chairman.
Member, Audit & Risk Management Committee.

ALICE MCCLEARY

DUniv, BEc FCA FTIA FAICD
Director (Non-Executive)

Alice McCleary is a Chartered Accountant. She is Deputy Chair of the Uniting Church of South Australia's Resources Board. She is a former Chairman of ASX Listed Company Twenty Seven Co. Limited (ASX:TSC) and former Director of Adelaide Community Healthcare Alliance Inc. (ACHA), Benefund Ltd and Forestry Corporation of South Australia. Previous leadership roles include Vice-President of the South Australian Chamber of Mines and Energy (SACOME), Deputy Chancellor of the University of South Australia and National President of the Taxation Institute of Australia. Alice's professional interests include financial management and corporate governance.

Directorships of other ASX Listed entities in the last 3 years:
Twenty Seven Co. Limited (ASX: TSC)

Interest in Shares:
2,700,761 ordinary shares.

Special Responsibilities:
Chair, Audit & Risk Management Committee.

PAUL RIX

B.Com FAICD
Director (Non-Executive)

Paul Rix was appointed as a Director of the Company on 8 February 2016. Paul Rix is an experienced mining professional with more than 30 years' experience in the marketing of industrial minerals and products. From 2003 – 2013, Paul worked for Queensland Magnesia Pty Ltd (QMAG) as General Manager Marketing where he was responsible for the development and implementation of QMAG's long term marketing strategy, focusing on diversification of magnesia products and markets whilst maintaining high plant utilisation. His magnesia marketing responsibilities stretched across six continents and more than 30 countries.

Directorships of other ASX Listed entities in the last 3 years:
None.

Interest in Shares:
312,500 ordinary shares.

Special Responsibilities:
Member, Audit & Risk Management Committee.

MANAGEMENT

DR MOHAMMAD CHOUCAIR
FRSN FRACI GAICD
BSc Nanotechnology (Hon. 1), PhD (Chemistry)
Chief Executive Officer

Dr Mohammad Choucair was appointed Chief Executive Officer on 1st December 2017. Dr Choucair has a strong technical background in nanotechnology, and has spent the last decade implementing governance, control and key compliance requirements for the creation and commercial development of innovative technologies with global impact. Dr Choucair served a 2-year mandate on the World Economic Forum Global Council for Advanced Materials and is a Fellow of both The Royal Society of New South Wales and The Royal Australian Chemical Institute. He has a strong record of delivering innovation and has been recognised internationally as a forward thinker.

DAMIEN CONNOR
CA GAICD AGIA B.Com
CFO / Company Secretary

Damien Connor was appointed Company Secretary on 1 August 2014. Damien performs the financial/accounting role in the Company as well as the secretarial duties. Damien has been a member of the Institute of Chartered Accountants since 2002 and is a Graduate of the Australian Institute of Company Directors and a Member of the Governance Institute of Australia. Damien has been employed in the resources sector since 2005. He also provides Company Secretary and Chief Financial Officer services to other ASX-listed and unlisted entities.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Directors are not aware of any significant changes in the state of affairs of the Group occurring during the financial year, other than as disclosed in this Annual Report.

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD.

- On 1 July 2019, the Company announced the completion of the sale of its Sugarloaf farmland located on the Eyre Peninsula. At completion Archer received $1.35 million.

  Under the terms of the Sale Agreement, Archer has sold the entirety of the Sugarloaf farmland but maintains an option to buy back approximately 30% of the Land, which will be required for the construction of the Processing Facility. The option to buy back part of the land can be exercised by Archer any time during the next 20 years.

- On 8 July 2019, the Company allotted 787,500 fully paid ordinary shares as a result of vesting of 75% of the Performance Rights that met the performance conditions for the year ended 30 June 2019. The remaining 262,500 Performance Rights (representing 25%) were forfeited.

ENVIRONMENTAL ISSUES

The Group's operations are subject to significant environmental regulations under the laws of the Commonwealth and/or State. No notice of any breach has been received and to the best of the Directors' knowledge no breach of any environmental regulations has occurred during the financial year or up to the date of this Annual Report.

CORPORATE GOVERNANCE

The Board has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3rd Edition" (ASX Recommendations). The Board continually monitors and reviews its existing and required policies, charters and procedures with a view to ensuring its compliance with the ASX Recommendations to the extent deemed appropriate for the size of the Company and the status of its projects and activities. Good corporate governance practices are also supported by the ongoing activities of the Audit & Risk Management Committee.

The Company's Corporate Governance Statement for the financial year ending 30 June 2019 is dated as at 30 June 2019 and was approved by the Board on 17th September 2019.

The Corporate Governance Statement provides a summary of the Company's ongoing corporate governance practices in accordance with the ASX Recommendations. The Corporate Governance Statement is supported by a number of policies, procedures, code of conduct and formal charters, all of which are located in the Corporate Governance section of the Company's website: www.archerx.com.au.

/ Remuneration Report (Audited)

The Directors of Archer Exploration Limited (the Group) present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The names and roles of the Company's key management personnel during the year are:

• Mr Gregory English	Chairman - Executive
• Ms Alice McCleary	Director - Non executive
• Mr Paul Rix	Director - Non executive
• Dr Mohammad Choucair	Chief Executive Officer
• Mr Damien Connor	Chief Financial Officer & Company Secretary

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remuneration

C. Service agreements

D. Share-based remuneration

E. Bonuses included in Remuneration

F. Other information

/ Remuneration Report (Audited)

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The Board acts as the remuneration committee as a consequence of the size of the Board and the Group. The Board believes that individual salary negotiation is more appropriate than formal remuneration policies and external advice and market comparisons are sought where necessary. The Group discloses the fees and remuneration paid to all Directors as required by the Corporations Act 2001. The Board recognises that the attraction of high calibre executives is critical to generating shareholder value.

The directors and executives receive a superannuation guarantee contribution required by the government of 9.50% per annum and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation and/or elected to increase superannuation contributions a part of their salary package.

All remuneration paid to Directors and executives is valued at the cost to the Group. The Group has established a Performance Rights Plan and a Share Option Plan for the benefit of Directors, officers, senior executives and consultants. Shares issued under the Share Option Plan to Directors and executives are valued at the difference between the market price of those shares and the amount paid by the director or executive.

Options are valued using the Black-Scholes valuation methodology. Performance Rights are valued using a Monte Carlo based model and recognised as remuneration in accordance with the attached vesting conditions. The Board policy is to remunerate non-executive directors at the market rates for time, commitment and responsibilities. The Board determines payments to non-directors and reviews their remuneration annually, based on market price, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive directors is $500,000 per annum which has not changed since Archer listed on the ASX in August 2007. These amounts are not linked to the financial performance of the consolidated Group. However, to align director's interests with shareholder interests, the directors are encouraged to hold shares in Archer.

Each member of the executive team has signed a formal contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on terminations. The standard contract sets out the specific formal job description.

USE OF REMUNERATION CONSULTANTS

The Company has not engaged the services of a remuneration consultant during the year.

VOTING AND COMMENTS MADE AT THE COMPANY'S LAST ANNUAL GENERAL MEETING

The Company only received 15.2% 'no' votes on its Remuneration Report for the financial year ending 30 June 2018. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following in respect of the current financial year and the previous four (4) financial years:

Item	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Share price ($)	$0.110	$0.110	$0.036	$0.072	$0.093

/ Remuneration Report (Audited)

B. DETAILS OF REMUNERATION

Details of the nature and amount of each element of the remuneration of each key management personnel (KMP) of the Company are shown in the table below:

Director and other Key Management Personnel		**Short-term Employee Benefits**		**Post employment Benefits**	**Termination Benefits**	**Share Based Payments [4]**		
Employee	Year	Cash Salary & Fees $	Cash Bonus $	Super-annuation $	Termination Benefits $	Unlisted Options & Performance Rights [4] $	Total $	Performance based remun-eration %
Executive Directors								
Greg English [1]	2019	301,370	22,603 [2]	30,777	-	570	355,320	7.1%
Executive Chairman	2018	301,370	45,205 [3]	32,925	-	1,563	381,063	13.4%
Non-Executive Directors								
Alice McCleary	2019	59,361	-	5,639	-	570	65,570	0.9%
Independent	2018	59,831	-	5,169	-	1,563	66,563	2.3%
Paul Rix	2019	59,361	-	5,639	-	570	65,570	0.9%
Independent	2018	59,361	-	5,639	-	1,563	66,563	2.3%
Other Key Management Personnel								
Dr Mohammad Choucair [6]	2019	175,000	31,050 [5]	19,575	-	83,108 [6]	308,733	37.9%
Chief Executive Officer	2018	100,962	-	9,591	-	160,000 [6]	270,553	59.1%
Damien Connor	2019	130,950	-	-	-	570	131,520	0.4%
Company Secretary & CFO	2018	123,848	-	-	-	1,563	125,411	1.2%
Total	**2019**	**726,042**	**53,653**	**61,630**	**-**	**85,388**	**926,713**	
Total	**2018**	**645,372**	**45,205**	**53,324**	**-**	**166,252**	**910,153**	

1. In addition, Piper Alderman Lawyers were paid $26,453 (2018: $57,449) during the year for services rendered to the Company. Mr English is a partner of Piper Alderman lawyers. The fees were at normal commercial rates.
2. Short-term incentive bonus related to KPI achievement for the year ended 30 June 2019, pursuant to Mr English's employment contract.
3. Short-term incentive bonus related to KPI achievement for the year ended 30 June 2018, pursuant to Mr English's employment contract.
4. In accordance with Accounting Standards, remuneration includes a portion of the notional value of the options and performance rights (Rights) granted during the year. The notional value of options and Rights are determined as at the issue date and is progressively allocated over the vesting period. The amount included as remuneration is not indicative of the benefit (if any) that the employee may ultimately realise should the option or Right vest. The notional value of the options and Rights as at the issue date has been determined in accordance with the accounting policy detailed at Note 22.
5. Short-term incentive bonus related to KPI achievement for the year ended 30 June 2019.
6. Dr Mohammad Choucair, the founder of Carbon Allotropes Pty Limited, was issued 3,000,000 performance rights on 30 October 2017, as purchase consideration for Archer acquiring all of the shares in Carbon Allotropes Pty Limited. The share based payment expense for the 3,000,000 Rights issued to Dr Mohammad Choucair, was calculated in accordance with AASB 2: Share Based Payments. The total fair value for the 3,000,000 Rights issued is $240,000, with $80,000 expensed to the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the year ended 30 June 2019 (30 June 2018: $160,000) to recognise the vesting criteria within the Share Purchase Agreement.

C. SERVICE AGREEMENTS

Remuneration and other terms of employment for the Executive Directors and other key management personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Employee	Base Salary	Terms of agreement	Notice Period
Greg English *Executive Chairman*	$330,000 per annum (inclusive of 9.50% Superannuation)	**Contract term:** Permanent employee, no fixed term. **Short-term incentive bonus:** Discretionary up to 15% of salary each year, is determined with reference to KPIs as set by the Board annually. **Long-term incentive bonus:** Entitled to receive Options or Performance Rights equal to the maximum number of Options or Performance Rights granted to a director of the Company in the same financial year, subject to shareholder approval and KPIs including the Company's share Price compared with the ASX Small Ordinaries Resources Index.	Calculated based on reasons for termination from 4 weeks plus leave entitlements up to 12 months' salary plus leave entitlements.
Dr Mohammad Choucair *Chief Executive Officer*	$191,625 per annum (inclusive of 9.50% Superannuation)	**Contract term:** Permanent employee, no fixed term. **Short-term incentive bonus:** Short-term inventive bonus as determined by the Board from time to time. For the year ended 30 June 2019, a discretionary bonus of up to 25% of salary was offered by the Board, subject to satisfaction of agreed KPIs for the year ended 30 June 2019. For the year ended 30 June 2020, a discretionary bonus of up to 25% of salary has been offered, and is determined with reference to KPI's set by the Board. **Long-term incentive bonus:** Eligible to participate in any incentive or bonus plans, as may be introduced by the Company from time to time.	Either party may terminate by providing 6 months' notice.
Damien Connor *Company Secretary & Chief Financial Officer*	Hourly rate	None.	Either party may terminate by providing 3 months' notice.

/ Remuneration Report (Audited)

D. SHARE-BASED REMUNERATION

UNLISTED OPTIONS (OPTIONS)

All Options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the agreements.

The Group has established a Performance Rights and Share Option Plan for the benefit of Directors, officers, senior executives and consultants. Under the Performance Rights and Share Option Plan, the Company, through the Board, may offer Options to eligible persons on such terms that the Board considers appropriate, including any performance or other vesting hurdles that may apply.

No Options have been issued as remuneration during the year ended 30 June 2019.

PERFORMANCE RIGHTS (RIGHTS)

The Archer Exploration Performance Rights and Share Option Plan (Plan) adopted by the Board on 28 August 2019 (replacing the previously adopted Performance Rights Plan) provides for the issue of Rights to Directors, employees and contractors of the Company and its associated body corporates.

All Rights issued under the Plan refer to Rights over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the agreements.

3,000,000 Rights previously issued to Dr Mohammad Choucair as purchase consideration for the Company's acquisition of Carbon Allotropes Pty Limited on 30 October 2017, vested into 3,000,000 fully paid ordinary share on 31 October 2018, following the satisfaction of a service condition, being that Dr Mohammad Choucair had to remain employed by the company for at least 12 months from 30 October 2017, being the completion date of the Company's acquisition of Carbon Allotropes Pty Limited.

For all other Rights on issue, vesting is subject to the achievement of the following performance conditions:

1. Service Condition

Must be employed by a member of Archer Exploration Group on the date of grant and must remain employed by a member of the Archer Exploration Group on the third anniversary of the date of the grant (or such other date as the Board determines at the time of grant).

2. Share price performance condition

Archer's share price performance as compared to the ASX Small Ordinaries Resources Index (ASXR). The Company share price performance for each year commencing 1 July to 30 June each year will be compared to ASX Small Ordinaries Resources Index (ASXRD) movement for the same 12 month period.

Archer Ranking versus ASX Small Ordinaries Resources Index (ASXRD)	% of Maximum Award
Below the 100th percentile	0% vest
Between the 100th and 125th percentile	50% vest
Between the 125th and 150th percentile	75% vest
At or above 150th percentile	100% vest

In addition to each level of performance set out in the above table, the share price performance condition will not be met if the Company's share price at 30 June in a particular year is below the Company's share price on 1 July of the preceding year.

No Rights will vest if the Company share price performance does not meet thresholds detailed above.

RIGHTS PREVIOUSLY ISSUED AS CONSIDERATION FOR ACQUISITION OF CARBON ALLOTROPES PTY LIMITED

Dr Mohammad Choucair, the founder of Carbon Allotropes Pty Limited, was issued 3,000,000 Rights on 30 October 2017, as purchase consideration for Archer acquiring all of the shares in Carbon Allotropes Pty Limited. In accordance with Accounting Standards, the 3,000,000 Rights are required to be treated as remuneration, even though the Rights were issued to Dr Mohammad Choucair as consideration for Archer acquiring the business that he was the founder and sole shareholder of. The Rights have been treated as remuneration as a result of the service condition for the rights to vest, being that Dr Mohammad Choucair must remain employed by the company for at least 12 months from 30 October 2017, being the completion date of the Company's acquisition of Carbon Allotropes Pty Limited. In accordance with AASB 2: Share Based Payments, the total fair value for the 3,000,000 Rights was $240,000. An amount of $80,000 has been expensed to the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the year ended 30 June 2019 (30 June 2018: $160,000) to recognise the vesting criteria within the Share Purchase Agreement. This expense amount of $80,000 is also shown in the Remuneration table at item B of the Remuneration Report as 'a 'Share Based Payment'.

RIGHTS GRANTED TO KMP DURING THE REPORTING PERIOD

On 6 July 2018, 150,000 Rights were granted to Dr Mohammad Choucair. The Rights are subject to meeting vesting criteria for the performance period 1 July 2018 to 30 June 2019 and expire on 31 July 2019. On vesting, the holder will be issued fully paid ordinary shares in the Company on a one for one basis and the holder will not pay for the shares. The Rights are governed by the terms and conditions of the Company's Performance Rights Plan. An amount of $3,108 has been expensed to the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the year ended 30 June 2019.

RIGHTS TO KMP THAT HAVE VESTED DURING THE REPORTING PERIOD

On 31 October 2018, 3,000,000 new shares were issued to Mohammad Choucair following the vesting of Rights previously issued to him as consideration for the Company's acquisition of Carbon Allotropes Pty Limited. The vesting of the Rights was subject to the satisfaction of certain conditions precedent.

RIGHTS TO KMP FORFEITED DURING THE REPORTING PERIOD

No Rights previously issued to KMP were forfeited during the reporting period.

/ Remuneration Report (Audited)

E. BONUSES INCLUDED IN REMUNERATION

Details of the short-term incentive cash bonuses awarded as remuneration to each key management personnel, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the performance criteria is set out below. No part of the bonus is payable in future years.

Employee	Included in remuneration ($)	Percentage vested during the year	Percentage forfeited during the year
Greg English [1] *Executive Chairman*	$24,750 (inclusive of 9.5% Superannuation)	50%	50%
Dr Mohammad Choucair [2] *Chief Executive Officer*	$34,000 (inclusive of 9.5% Superannuation)	71%	29%

1. Mr English's contract of employment provides for a discretionary cash bonus of up to 15% of his salary each year, determined with reference to KPIs as set by the Board annually.
2. For the year ended 30 June 2019, a discretionary cash bonus of up to 25% of salary was offered by the Board, to Mr Choucair, subject to satisfaction of agreed KPIs for the year ended 30 June 2019.

No other key management personnel were awarded short-term incentive cash bonuses as remuneration during the year ended 30 June 2019. The board has agreed to award Dr Mohammad Choucair (CEO) a short-term incentive cash bonus for the year ended 30 June 2020, subject to meeting agreed KPIs.

F. OTHER INFORMATION

NUMBER OF UNLISTED OPTIONS HELD BY DIRECTORS AND KEY MANAGEMENT PERSONNEL

The number of options to acquire shares in the Company held during the 2019 reporting period by each of the key management personnel of the Group, including their related parties are set out below.

2019 Key Management Personnel	Balance 1/7/18	Granted as Remuneration	Exercised	Expired/ Forfeited	Balance 30/6/19	Vested and exercisable	Vested and un-exercisable
Greg English	46,545	-	-	(46,545)	-	-	-
Alice McCleary	-	-	-	-	-	-	-
Paul Rix	5,000,000	-	-	(5,000,000)	-	-	-
Dr Mohammad Choucair	-	-	-	-	-	-	-
Damien Connor	-	-	-	-	-	-	-
Total	**5,046,545**	**-**	**-**	**(5,046,545)**	**-**	**-**	**-**

No further unlisted options held by Key Management Personnel were issued, exercised, forfeited, expired or cancelled during the year ended 30 June 2019.

NUMBER OF UNLISTED PERFORMANCE RIGHTS HELD BY DIRECTORS AND KEY MANAGEMENT PERSONNEL

2019 Key Management Personnel	Balance 1/7/18	Granted as Compensation	Vested	Forfeited	Balance 30/6/19	Total Vested
Greg English [1]	300,000	-	(150,000)	-	150,000	-
Alice McCleary [1]	300,000	-	(150,000)	-	150,000	-
Paul Rix [1]	300,000	-	(150,000)	-	150,000	-
Dr Mohammad Choucair [2, 3]	3,000,000	150,000	(3,000,000)	-	150,000	-
Damien Connor [1]	300,000	-	(150,000)	-	150,000	-
Total	**4,200,000**	**150,000**	**(3,600,000)**	**-**	**750,000** [4]	**-**

1. On 6 July 2018, the Company allotted 600,000 fully paid ordinary shares as a result of the vesting of 100% of the Performance Rights that met the performance conditions for the performance period 1 July 2017 to 30 June 2018.
2. On 6 July 2018, 150,000 Performance Rights were granted to Dr Mohammad Choucair. The Rights were granted in accordance with the long-term equity incentive as outlined in the Archer Performance Rights Plan.
3 On 31 October 2018, 3,000,000 new shares were issued to Mohammad Choucair following the vesting of Rights previously issued to him as consideration for the Company's acquisition of Carbon Allotropes Pty Limited. The vesting of the Rights was subject to the satisfaction of certain conditions precedent.
4 On 8 July 2019, the Company allotted 562,500 fully paid ordinary shares as a result of vesting of 75% of Performance Rights previously issued to KMP that met the performance conditions for the year ended 30 June 2019. The remaining 187,500 Performance Rights (representing 25%) were forfeited.

/ Remuneration Report (Audited)

NUMBER OF SHARES HELD BY DIRECTORS AND KEY MANAGEMENT PERSONNEL

2019 Key Management Personnel	Balance 1/7/18	Granted as Compensation	Unlisted Options Exercised	Performance Rights Vested	Other changes	Balance 30/6/19
Greg English [1]	9,169,733	-	-	150,000	50,000	9,369,733
Alice McCleary [1]	2,438,261	-	-	150,000	-	2,588,261
Paul Rix [1]	-	-	-	150,000	50,000	200,000
Dr Mohammad Choucair [1]	-	-	-	3,000,000	-	3,000,000
Damien Connor [1]	-	-	-	150,000	-	150,000
Total	**11,375,271**	**-**	**-**	**3,600,000**	**100,000**	**15,307,994**

1 On 8 July 2019, the Company allotted 112,500 fully paid ordinary shares each to Greg English, Alice McCleary, Paul Rix, Mohammad Choucair and Damien Connor (in aggregate 562,500 fully paid ordinary shares), as a result of the vesting of Rights previously granted to them, that met the performance conditions for the performance period 1 July 2018 to 30 June 2019.

END OF AUDITED REMUNERATION REPORT

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and each Board Committee held during the year ended 30 June 2019 and the numbers of meetings attended by each Director were as follows:

Director	Board		Audit & Risk Management Committee	
	A	B	A	B
Greg English	12	12	2	2
Alice McCleary	12	12	2	2
Paul Rix	12	11	2	1

Where:

Column A is the number of meetings the Director was entitled to attend

Column B is the number of meetings the Director attended

Greg English was appointed a member of the Audit & Risk Management Committee on 3 September 2018. Greg English attended each of the Audit & Risk Management Committee Meetings as a member of the Audit & Risk Management Committee.

The Company has not formed a Remuneration Committee or a Corporate Governance Committee. The Board as a whole considers these matters. The Board considers this appropriate given the size and nature of the Company at this time.

UNISSUED SHARES UNDER OPTION

During the financial year, 1,342,740 shares have been issued as a result of exercise of options and 12,565,238 unlisted options over ordinary shares lapsed unexercised.

No unlisted options over ordinary shares have been issued since the end of the financial year.

There are no unissued ordinary shares in the Company under option at the date of this report. See Note 14 for further details regarding movement in unlisted options during the reporting period.

PERFORMANCE RIGHTS

During the financial year and since the end of the financial year, 4,537,500 shares have been issued as a result of vesting and exercise of an equivalent number of Performance Rights and 262,500 Performance Rights lapsed unexercised.

There are no Performance Rights on issue at the date of this report. See Note 14 for further details regarding movements in Performance Rights during the reporting period.

PROCEEDINGS ON BEHALF OF COMPANY

As far as the Directors' are aware, no person has applied to the Court for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

/ Directors' Report

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company's Constitution provides that the Company indemnifies, on a full indemnity basis and to the full extent permitted by law, officers of the Company for all losses or liabilities incurred by the person as an officer of the Company or a related body corporate. In conformity with the Constitution, the Company is party to Deeds of Indemnity in favour of each of the Directors referred to in this report who held office during the year.

The Company has paid premiums to insure each of the Directors, Officers and Consultants against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Executive of the company, other than conduct involving wilful breach of duty or a lack of good faith in relation to the company. The policy does not specify the individual premium for each officer covered and the amount paid is confidential. Since the end of the year the Company has paid, or agreed to pay, premiums in respect of such contracts for the year ending 30 June 2019.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of the non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence for the year ended 30 June 2019 has been received and can be found on page 48 of the Financial Report.

Signed in accordance with a resolution of the Board of Directors.

Greg English
Executive Chairman
Adelaide
Dated this 17th day of September 2019

AUDITOR'S INDEPENDENCE DECLARATION

Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of Archer Exploration Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Archer Exploration Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 17 September 2019

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

www.grantthornton.com.au

FINANCIAL INFORMATION

/ Financial Information

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	CONSOLIDATED GROUP	
		2019	2018
		$	$
INCOME			
Income	2	97,604	149,192
EXPENSES			
Depreciation and amortisation expense		(17,730)	(16,225)
Impairment of exploration assets	10	(82,159)	-
Exploration expenditure expensed		(33,287)	-
Research and development expenditure expensed		(129,711)	-
Employee benefits expense		(956,831)	(889,169)
Amortisation of intangibles		(52,403)	(104,808)
Write-down of Campoona Land asset		-	(180,629)
Write-down of inventory		(76,800)	-
Corporate Consultants/Public Relations		(161,021)	(159,647)
Occupancy expense		(77,942)	(62,074)
ASX listing and share registry expense		(97,526)	(129,646)
Other expenses		(252,102)	(257,553)
LOSS BEFORE INCOME TAX EXPENSE		**(1,839,908)**	**(1,650,559)**
Income tax benefit – R&D tax concession	3	102,421	58,641
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(1,737,487)**	**(1,591,918)**
DISCONTINUED OPERATIONS			
Loss after income tax for the period from discontinued operations		(845)	(262,602)
LOSS ATTRIBUTED TO MEMBERS OF THE PARENT ENTITY		**(1,738,332)**	**(1,854,520)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
MEMBERS OF THE PARENT ENTITY		**(1,738,332)**	**(1,854,520)**
		Cents	Cents
Earnings per share			
Basic and diluted loss for the year per share	15	(0.91)	(1.14)
Earnings per share for continuing operations			
Basic and diluted loss for the year per share	15	-	(0.98)

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	CONSOLIDATED GROUP	
		2019	2018
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	695,749	2,749,586
Trade and other receivables	7	282,721	110,107
Inventory		-	76,800
Non-current assets classified as held for sale		1,217,170	-
		2,195,640	2,936,493
Assets of disposal groups classified as held for sale	18	1,556,659	3,661,551
TOTAL CURRENT ASSETS		**3,752,299**	**6,598,044**
NON-CURRENT ASSETS			
Property, plant and equipment	9	59,179	1,247,806
Exploration and evaluation expenditure	10	14,500,289	11,638,439
Intangible assets		68,623	52,403
TOTAL NON- CURRENT ASSETS		**14,628,091**	**12,938,648**
TOTAL ASSETS		**18,380,390**	**19,536,692**
CURRENT LIABILITIES			
Trade and other payables	12	233,385	227,090
Deposit received in advance for the sale of the Leigh Creek Magnesia Project	18	250,000	-
Employee entitlements	13	125,836	143,829
		609,221	370,919
Liabilities of disposal groups classified as held for sale	18	263	140,528
TOTAL CURRENT LIABILITIES		**609,484**	**511,447**
NON-CURRENT LIABILITIES			
Employee entitlements	13	22,475	11,454
TOTAL NON-CURRENT LIABILITIES		**22,475**	**11,454**
TOTAL LIABILITIES		**631,959**	**522,901**
NET ASSETS		**17,748,431**	**19,013,791**
EQUITY			
Issued capital	14	23,873,093	23,249,187
Reserves	16	264,698	503,632
Accumulated losses		(6,389,360)	(4,739,028)
TOTAL EQUITY		**17,748,431**	**19,013,791**

The accompanying notes form part of the financial statements.

/ Financial Information

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Issued Capital $	Retained Earnings $	Share Based Payments Reserve $	Acquisition Reserve $	Total $
BALANCE AT 1 JULY 2017	**19,519,325**	**(2,891,281)**	**102,589**	**-**	**16,730,633**
Fair value of performance rights issued in prior period(s)	-	-	167,816	-	167,816
Fair value of performance rights issued as consideration for acquisition of Carbon Allotropes Pty Limited	-	-	-	240,000	240,000
Shares issued during the year (net of costs)	3,729,862	-	-	-	3,729,862
Transactions with owners	**23,249,187**	**(2,891,281)**	**270,405**	**240,000**	**20,868,311**
Transfer of share based payments reserve to retained earnings [1]	-	6,773	(6,773)	-	-
Total loss for the year	-	(1,854,520)	-	-	(1,854,520)
Other comprehensive income	-	-	-	-	-
BALANCE AT 30 JUNE 2018	**23,249,187**	**(4,739,028)**	**263,632**	**240,000**	**19,013,791**

1. Relates to the prior year(s) share-based payments expense associated with forfeited performance rights

	Issued Capital $	Retained Earnings $	Share Based Payments Reserve $	Acquisition Reserve $	Total $
BALANCE AT 1 JULY 2018	**23,249,187**	**(4,739,028)**	**263,632**	**240,000**	**19,013,791**
Fair value of performance rights issued in prior period(s)	-	-	89,066	-	89,066
Shares issued during the year (net of costs)	623,906	-	(240,000)[2]	-	383,906
Transactions with owners	**23,873,093**	**(4,739,028)**	**112,698**	**240,000**	**19,486,763**
Transfer of share- based payments reserve to retained earnings [1]	-	88,000	(88,000)	-	-
Total loss for the year	-	(1,738,332)	-	-	(1,738,332)
Other comprehensive income	-	-	-	-	-
BALANCE AT 30 JUNE 2019	**23,873,093**	**(6,389,360)**	**24,698**	**240,000**	**17,748,431**

1. Relates to the prior year(s) share-based payments expense associated with expired unlisted options.
2. Adjustment to the share based payments reserve following the vesting and exercise of 3,000,000 performance rights into fully paid ordinary shares. The 3,000,000 performance rights were previously issued to Mohammad Choucair as consideration for the Company's acquisition of Carbon Allotropes Pty Limited in October 2017.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	CONSOLIDATED GROUP	
		2019	2018
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from rental activities		32,533	82,601
Payments to suppliers and employees		(1,708,395)	(1,206,380)
Interest received		28,545	29,190
Research and development tax concession		58,642	157,790
NET CASH USED IN OPERATING ACTIVITIES	**21**	**(1,588,675)**	**(936,799)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(1,014,979)	(1,534,727)
Payments for property, plant and equipment		(15,466)	(85,687)
Proceeds from sale of plant and equipment		-	48,303
Payments for intellectual property		(68,623)	-
Deposit received for sale of the Leigh Creek Magnesite Project		250,000	-
NET CASH USED IN INVESTING ACTIVITIES		**(849,068)**	**(1,572,111)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	14	400,706	3,729,862
Share issue transaction costs		(16,800)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		**383,906**	**3,729,862**
Net (decrease)/ increase in cash held		(2,053,837)	1,220,952
Cash at the beginning of the year		2,749,586	1,528,634
CASH AT THE END OF THE FINANCIAL YEAR	**6**	**695,749**	**2,749,586**

The accompanying notes form part of the financial statements.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Archer Exploration Limited and controlled entities ('Consolidated' or 'Group').

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Archer Exploration Limited is a for profit entity for the purposes of preparing the financial statements. The financial report has been presented in Australian dollars.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Principles of Consolidation

The parent entity controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

A list of controlled entities is contained in Note 8 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included/(excluded) from the date control was obtained/(ceased).

All inter-group balances and transactions between entities in the consolidated group, including any recognised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with those adopted by the parent entity.

Business Combination

The Group applies the acquisition method in accounting for business combinations.

The acquisition method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

b. Income Tax

The income tax expense/(revenue) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense/(income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset recognised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Archer Exploration Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2007.

Research and Development Tax Concession

To the extent that research and development costs are eligible activities under the “Research and development tax incentive” programme, a refundable tax offset is available for companies with annual turnover of less than $20 million. The Group recognises refundable tax offsets received in the financial year as an income tax benefit, in profit or loss, resulting from the monetisation of available tax losses that otherwise would have been carried forward. These amounts are recognised at their fair value only to the extent that where there is reasonable assurance that the incentive will be received.

c. Property, Plant and Equipment

Property, plant and equipment is carried at cost less where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which are they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Non-Current Asset	Depreciation Rate	Basis of Depreciation
Plant and Equipment	10 – 33%	Straight Line
Buildings	2%	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss.

d. Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Where a decision is made to proceed with development the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

e. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f. Financial Instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

g. Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. Interests in Joint Arrangements

The Consolidated Group's share of assets, liabilities, revenue and expenses of the joint operations are included in the appropriate items of the Consolidated Financial Statements. Details of the Consolidated Group's interest is shown in Note 17.

i. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for these benefits. Those cashflows are discounted using market yields on high quality corporation bonds with terms to maturity that match the expected timing of cashflows.

Equity Settled Compensation

The Company provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company currently provides benefits under an Employee Share Option Plan and a Performance Rights Plan.

The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

i) the extent to which the vesting period has expired; and

ii) the number of awards that, in the opinion of the directors, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and rights is reflected as additional share dilution in the computation of earnings per share.

j. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

Notes to the Financial Statements for the Year Ended 30 June 2019

l. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

m. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o. Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation of the current financial year.

p. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Group.

Key estimates

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value–in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Impairment was recognised in respect of non-current exploration and evaluation assets for the year ended 30 June 2019 $82,159 expensed (2018: $244,954). Impairment recognised for the year ended 30 June 2019 and 30 June 2018 related to relinquishment of the tenement(s) to which expenditure had been previously capitalised.

Exploration and evaluation

The consolidated entity's policy for exploration and evaluation is discussed at Note 1(d). The application of this policy requires the Directors to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, the Directors conclude that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off though the Statement of Profit or Loss.

q. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 11. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

r. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred and included in the statement of profit or loss as research and development costs. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset

- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Patents and licences

The Group made upfront payments to purchase patents and licences. The patents have been granted for a period of 17 years by the relevant government agency with the option of renewal at the end of this period. Licences for the use of intellectual property are granted for periods ranging between three and five years depending on the specific licences. The licences require an annual fee to be paid to continue to access the licenses. As a result, those licences are assessed as having an indefinite useful life.

A summary of the policies applied to the Group's intangible assets is, as follows:

Licences	Patents	
Useful lives	Finite (5 years)	Finite (17 years)
Amortisation method used	Amortised on a straight-line basis over the period of the licence	Amortised on a straight-line basis over the period of the patent
Internally generated or acquired	Acquired	Acquired

s. Going Concern basis of accounting

This financial report has been prepared on the basis of going concern.

The Group incurred a net loss of $1,738,332 (2018: loss of $1,854,520) and operations were funded by a cash outlay from operating and investing activities of $2,437,743 (2018: outlay of $2,508,909). The cash flow projections of the Group indicate that it will require additional capital for continued operations.

The Group's ability to continue as a going concern is contingent on obtaining additional capital through either an equity capital raise, asset sale or a combination of both. If additional capital is not obtained, then going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report for the year ended 30 June 2019.

t. Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australia Accounting Standards and Interpretations applicable to its operations which became mandatory.

New standards adopted as at 1 July 2018

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018. Given the entity is a Junior Explorer and does not have any material revenue streams the introduction of the new standard does not have a significant impact on the timing or amount of revenue recognized by the group during the reporting period and therefore has been applied using the modified approach and no prior period restatements were required.

Revenue arises mainly from the commercial rent and interest.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group enters into transactions involving a range of the Group's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139's 'Financial Instruments: Recognition and Measurement' requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The Group has adopted AASB 9 as at 1 July 2018, the Group elected not to restate prior periods as the Group does not hold any material financial instruments.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. Currently the Group only holds financial assets at amortised cost.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments as well as bonds that were previously classified as held-to-maturity under AASB 139.

Impairment of financial assets

AASB 9's new forward-looking impairment model applies to Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

AASB Interpretation 22 *Foreign Currency Transactions and Advance Considerations*

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

AASB 2017-1 *Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

AASB 140 Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

AASB 128 Investments in Associates and Joint Ventures

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

AASB 1 First-time Adoption of International Financial Reporting Standards

Short-term exemptions in paragraphs E3–E7 of AASB 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group's consolidated financial statements.

AASB 2016-5 *Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions*

The AASB issued amendments to AASB 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group's accounting policy for cash-settled share-based payments is consistent with the approach clarified in the amendments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group's consolidated financial statements.

AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*

The amendments address concerns arising from implementing the new financial instruments standard, AASB 9, before implementing AASB 17 Insurance Contracts, which replaces AASB 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying AASB 9 and an overlay approach. These amendments are not relevant to the Group.

Accounting standards issued but not yet effective and not been adopted early by the Group

Australian Accounting Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new standards and interpretations, if applicable, when they become effective.

AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

AASB 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under AASB 117.

The Group plans to adopt AASB 16 using the modified retrospective approach. The Group will elect to apply the standard to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying AASB 117 and AASB Interpretation 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. All Group leases are short-term leases, therefore no right of use assets exist and will not be recognised upon application of AASB 16.

AASB 17 *Insurance Contracts*

In July 2017, the AASB issued AASB 17 Insurance Contracts (AASB 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, AASB 17 will replace AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts. AASB 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of AASB 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. The core of AASB 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

AASB 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies AASB 9 and AASB 15 on or before the date it first applies AASB 17. This standard is not applicable to the Group.

AASB Interpretation *23 Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date, however it is not expected to have a material impact on the Group.

AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*

Under AASB 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to AASB 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between AASB 10 and AASB 128 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in AASB 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB and AASB have deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement*

The amendments to AASB 119 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

AASB 2017-7 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*

The amendments clarify that an entity applies AASB 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in AASB 9 applies to such long-term interests.

The amendments also clarified that, in applying AASB 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying AASB 128 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle*

These improvements include:

- **AASB 3 *Business Combinations***

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

- **AASB 11 *Joint Arrangements***

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in AASB 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

- **AASB 112 *Income Taxes***

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

- **AASB 123 *Borrowing Costs***

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

The financial report was authorised for issue on 17th September 2019 by the Board of Directors.

	CONSOLIDATED GROUP	
	2019	2018
	$	$
NOTE 2 - INCOME		
- Rental income	75,473	80,418
- Interest received	22,131	28,634
- Gain on sale of plant and equipment	-	37,479
- Carbon Allotropes product sales	-	2,661
Income from continuing operations	97,604	149,192
Income from discontinued operations		
Interest income received from discontinued operations	-	1,444
Total Income	97,604	150,636
NOTE 3 – INCOME TAX BENEFIT		
a) The components of income tax benefit comprise:		
Current tax	102,421	58,641
	102,421	58,641
b) The prima facie tax on loss before income tax is reconciled to the income tax as follows 30% (2018: 27.5%):		
Net loss from continuing operations	(1,840,753)	(1,913,161)
Prima facie tax benefit before income tax at 30%	(552,226)	(526,119)
	(552,226)	(526,119)
Research and development tax concession	102,421	58,641
Tax effect of temporary differences not brought to account as they do not meet the recognition criteria	552,226	526,119
Income Tax attributable to operating loss	102,421	58,641
c) Unused tax losses for which no deferred tax asset has been recognised at 30%	5,542,536	4,779,311

NOTE 4 – KEY MANAGEMENT PERSONNEL REMUNERATION

a) Names and positions held of consolidated entity key management personnel in office at any time during the financial year are:

Mr Greg English	Chairman – Executive
Ms Alice McCleary	Director – Non-executive
Mr Paul Rix	Director – Non-executive
Dr Mohammad Choucair	Chief Executive Officer
Mr Damien Connor	Chief Financial Officer & Company Secretary

Other than those employees of the company listed above there are no additional key management personnel.

b) Key Management Personnel Compensation

Refer to the Remuneration Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP).

The aggregate remuneration of KMP of the Group during the year is as follows:

	CONSOLIDATED GROUP	
	2019	**2018**
	$	$
Short term benefits	779,695	690,577
Post-employment benefit	61,630	53,324
Share - based payments	85,388	166,252
	926,713	910,153
NOTE 5 – AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- auditing or review of the financial report	31,500	29,500
- tax compliance services provided by the practice of the auditor	-	15,000
	31,500	44,500

NOTE 6 – CASH AND CASH EQUIVALENTS		
Short term deposits	140,208	2,131,803
Cash at bank and on hand	555,541	617,783
	695,749	2,749,586

The effective interest rate on short term bank deposits at 30 June 2019 is 1.98% (30 June 2018: 2.33%). These deposits have an average maturity term of 143 days (30 June 2018: 90 days). The Group's exposure to interest rate risk is summarised at Note 25.

NOTE 7 – TRADE AND OTHER RECEIVABLES

	CONSOLIDATED GROUP	
	2019	2018
	$	$
CURRENT		
Prepayments [1]	136,684	10,597
Other receivables [2]	146,037	99,510
	282,721	110,107

1. In June 2019, the Company prepaid corporate office and warehouse lease charges and share registry related services for the twelve-month period ending 30 June 2020.
2. Includes an amount of $102,421 relating to research and development tax concession for the year ended 30 June 2019 (30 June 2018: $58,641).

NOTE 8 – INVESTMENT IN CONTROLLED ENTITIES

		Percentage Owned	
		2019	2018
	Country of Incorporation	%	%
Parent Entity			
- Archer Exploration Limited	Australia	-	-
Subsidiaries of Archer Exploration Limited:			
- Pirie Resources Pty Ltd	Australia	100	100
- Archer Pastoral Company Pty Ltd	Australia	100	100
- Archer Energy and Resources Pty Ltd	Australia	100	100
- SA Exploration Pty Ltd	Australia	100	100
- Carbon Allotropes Pty Limited	Australia	100	100
- Leigh Creek Magnesite Pty Ltd [1]	Australia	100	100
- CH Magnesite Pty Ltd [1]	Australia	100	100

1. During the reporting period the Company executed a legally binding agreement for sale of subsidiaries that hold the Leigh Creek Magnesia Project tenements (Refer to Note 18). Shareholders approved the sale of the Company's wholly owned subsidiaries that hold the Leigh Creek Magnesia Project, being Leigh Creek Magnesite Pty Ltd and CH Magnesite Pty Ltd, at the General Meeting of Shareholders held on 3 September 2018.

	CONSOLIDATED GROUP	
	2019	2018
	$	$
NOTE 9 – PROPERTY, PLANT AND EQUIPMENT		
a) Plant and Equipment at cost	236,970	192,637
Accumulated depreciation	(177,791)	(152,617)
	59,179	40,020
Movements in carrying amounts:		
Balance at the beginning of the year	40,020	21,443
Additions	2,083	88,639
Disposals	-	(11,587)
Depreciation	(24,294)	(17,105)
Transferred to assets held for sale	-	(41,370)
Reclassification of assets previously held for sale	41,370	
Balance at 30 June	59,179	40,020
b) Land at cost	-	1,028,453
Movements in carrying amounts:		
Balance at the beginning of the year	1,028,453	1,208,981
Additions	13,384	101
Transferred to assets held for sale [1]	(1,041,837)	-
Write-off of Campoona Land asset	-	(180,629)
Balance at 30 June	-	1,028,453
c) Buildings at cost	-	200,000
Accumulated depreciation	-	(20,667)
	-	179,333
Movements in carrying amounts:		
Balance at the beginning of the year	179,333	183,333
Depreciation	(4,000)	(4,000)
Transferred to assets held for sale [1]	(175,333)	-
Balance at 30 June	-	179,333
Total property, plant and equipment	**59,179**	**1,247,806**

1. Refer to Note 11 for further information regarding the non-current assets held for sale.

	CONSOLIDATED GROUP	
	2019	2018
	$	$
NOTE 10 – EXPLORATION AND EVALUATION EXPENDITURE		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation at cost	14,500,289	11,638,439
Movements in carrying amounts:		
Balance at the beginning of the year	11,638,439	13,970,106
Amounts capitalised during the year	909,294	1,504,526
Impairment expense during the year	(82,159)	(244,954)
Transferred to assets held for sale	(34,471)	(3,591,239)
Reclassification of assets previously held for sale	2,069,186	-
Balance at 30 June	14,500,289	11,638,439
During the year $10,562 (2018: $4,763) of equipment depreciation was included in the amount capitalised as exploration and evaluation.		
Impairment recognised for the year ended 30 June 2019 and 30 June 2018 related to relinquishment of the tenement(s) to which expenditure had been previously capitalised.		

A summary by tenement is included at Note 17.

NOTE 11 – NON-CURRENT ASSETS HELD FOR SALE

On 8 November 2018, the Company announced the execution of a legally binding contract (the "Sale Agreement"), for the sale of the Sugarloaf farmland located near the township of Cleve on South Australia's Eyre Peninsula. The Sugarloaf farmland is contained within Archer tenement EL 5920 and hosts the Sugarloaf carbon deposit and the proposed site of the Sugarloaf Graphite Processing Facility, which may be used to process the graphite from the nearby Campoona mining lease.

The transaction settled on 1 July 2019 with Archer receiving the $1.35 million sale proceeds in July 2019.

Under the terms of the Sale Agreement, Archer sold the entirety of the Sugarloaf farmland but maintains an option to buy back approximately 30% of the Sugarloaf farmland, which may be required for the construction of the Sugarloaf Graphite Processing Facility. The option to buy back part of the land can be exercised by Archer any time during the next 20 years.

Key terms of the legally binding land Sale Agreement included:

- Sale price of $1.35 million (excluding GST). A 10% deposit was paid and held in trust on execution of the Sale Agreement and the Company received the $1.35 million sale proceeds in July following settlement on 1 July 2019.
- Settlement took place on 1 July 2019 as scheduled.
- Settlement was subject to (the "Condition") the buyer obtaining finance by 1 February 2019 ("End Date"). This condition was satisfied during the reporting period.
- Archer subsidiary company Pirie Resources Pty Ltd ("Pirie") has been granted an option (the "Option") to purchase the part the land that it requires to construct and operate the Sugarloaf Graphite Processing Facility. The Option may be exercised by Pirie at any time before 4 December 2038. On exercise of the Option, Pirie agrees to purchase that part of the land that it requires for a price approximately equal to 1.33 times market value, adjusted for CPI.

- The purchaser has agreed to enter into land access and compensation agreements with Archer subsidiary companies Pirie and Archer Energy and Resources Pty Ltd to allow these companies to access the land for exploration and other purposes permitted under the South Australian Mining Act.

	2019	2018
	$	$
Land and buildings	1,217,170	-

	CONSOLIDATED GROUP	
	2019	**2018**
	$	**$**
NOTE 12 – TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured liabilities:		
Trade payables	170,253	93,294
Other creditors and accruals	63,132	133,796
	233,385	227,090
NOTE 13 – EMPLOYEE ENTITLEMENTS		
Current [1]	125,836	143,829
Non-current	22,475	11,454

1. Includes an amount of $42,325 (including 9.5% SGC), in aggregate, related to outstanding STI bonus amounts payable to executives of the Company for the performance year ended 30 June 2019 (30 June 2018: $49,500).

	CONSOLIDATED GROUP	
	2019	2018
	$	$
NOTE 14 – ISSUED CAPITAL		
196,304,283 (2018: 186,925,829) fully paid ordinary shares	23,873,093	23,249,187
a) Shares on issue:		
30 June 2019	**Number**	**$**
Issued and paid up capital		
Fully paid ordinary shares	196,304,283	23,873,093
Movements in fully paid shares		
Balance as at 1 July 2018	186,925,829	23,249,187
Shares issued - vested performance Rights (6 Jul 2018)	750,000	-
Shares issued - Exercise of SPP Options (25 Jul 2018)	570,431	42,782
Shares issued - Exercise of SPP Options (18 Aug 2018)	55,854	4,189
Shares issued - Exercise of SPP Options (31 Oct 2018)	13,964	1,047
Shares issued - vested performance rights (31 Oct 2018)	3,000,000	240,000
Shares issued - Exercise of SPP Options (4 Jan 2019)	107,054	8,029
Shares issued - Exercise of SPP Options (21 Feb 2019)	169,364	12,702
Shares issued - Exercise of SPP Options (6 Mar 2019)	426,073	31,955
Shares issued - Placement (22 May 2019)	4,285,714	283,200
Balance as at 30 June 2019	196,304,283	23,873,093

30 June 2018	**Number**	**$**
Issued and paid up capital		
Fully paid ordinary shares	186,925,829	23,249,187
Movements in fully paid shares		
Balance as at 1 July 2017	137,194,306	19,519,325
Shares issued - Share Purchase Plan (27 Nov 2017)	40,000,376	3,000,025
Shares issued - Exercise of SPP Options (16 Feb 2018)	1,670,968	125,323
Shares issued - Exercise of SPP Options (13 Mar 2018)	954,175	71,563
Shares issued - Exercise of SPP Options (3 Apr 2018)	628,359	47,127
Shares issued - Exercise of SPP Options (1 May 2018)	696,008	52,201
Shares issued - Exercise of SPP Options (16 May 2018)	1,670,314	125,274
Shares issued - Exercise of SPP Options (7 June 2018)	1,166,940	87,521
Shares issued - Exercise of SPP Options (25 June 2018)	2,634,457	197,584
Shares issued - Exercise of SPP Options (29 June 2018)	309,926	23,244
Balance as at 30 June 2018	186,925,829	23,249,187

b) Options on issue

Details of the share options outstanding as at the end of the year are set out below:

Grant Date	Options	Expiry Date	Exercise Price	30 June 2019	30 June 2018
01 February 2016	Rix Options	31 Jan 2019	$0.15	-	5,000,000
22 January 2018	SPP Options	28 Feb 2019	$0.075	-	8,907,978
				-	13,907,978

On 31 January 2019, Rix Options lapsed unexercised. Paul Rix, a Director of the Company, was previously issued 5,000,000 Rix Options as compensation for the termination of a consultancy agreement between Archer and Mr. Rix which was in place prior to Mr. Rix becoming a director of Archer.

On 22 January 2019, 18,639,125 SPP Options were issued pursuant to the prospectus dated 5 December 2017. SPP Options, had an exercise price of $0.075 each and expiry date of 28 February 2019. During the reporting period 1,342,740 SPP Options were exercised into shares and the remaining 7,565,238 SPP Options expired unexercised.

No further Options were issued, exercised or forfeited during the reporting period.

All Options were unlisted.

c) Performance Rights on issue

Details of the performance rights outstanding as at the end of the year are set out below:

Grant Date	Total Granted	Expiry Date	Exercise Price	Total Vested	Total Forfeited	Balance at 30 June 2019 [1]
28 Oct 2016	2,700,000	31 Jul 2019	Nil	750,000	1,200,000	750,000
30 Oct 2017	3,000,000	Nil	Nil	3,000,000	-	-
6 Jul 2018	450,000	31 Jul 2019	Nil	-	150,000	300,000
						1,050,000

1. On 8 July 2019, the Company allotted 787,500 fully paid ordinary shares as a result of vesting of 75% of Performance Rights previously issued to employees that met the performance conditions for the year ended 30 June 2019. The remaining 262,500 Performance Rights (representing 25%) were forfeited.

During the reporting period, 450,000 Rights were granted to employees of the Company. The Rights were granted in accordance with the long-term equity incentive as outlined in the Archer Performance Rights Plan. The Rights are subject to meeting vesting criteria for the performance period 1 July 2018 to 30 June 2019 and expire on 31 July 2019. 150,000 of those Rights lapsed during the reporting period in accordance with the terms of the Performance Rights Plan.

During the reporting period, 3,000,000 new shares were issued to Mohammad Choucair following the vesting of Rights previously issued to him as consideration for the Company's acquisition of Carbon Allotropes Pty Limited. The vesting of the Rights was subject to the satisfaction of certain conditions precedent.

d) Capital Management

The Group has no externally imposed capital requirements

	CONSOLIDATED GROUP	
	2019	2018
	$	$
NOTE 15 – EARNINGS PER SHARE		
Reconciliation of earnings to Statement of Profit or Loss and other Comprehensive Income		
Loss for year used to calculate basic EPS	(1,738,332)	(1,854,520)
	Number	Number
a) Weighted average number of shares outstanding during the year used in calculation of basic EPS	190,946,622	162,236,875

	CONSOLIDATED GROUP	
	2019	2018
	$	$
NOTE 16 – RESERVES		
Share based payment reserve	24,698	263,632
Acquisition reserve	240,000	240,000
	264,698	503,632

The share based payments reserve records items recognised as an expense on valuation of options or performance rights.

The acquisition reserve represents the fair value 3,000,000 performance rights previously issued as consideration for the Company's acquisition of Carbon Allotropes Pty Limited, treated in accordance with AASB 3 Business Combinations. There are no changes from the prior year.

NOTE 17 – TENEMENT INTERESTS

Exploration Licences

The Company's interest in tenements are as follows:

Location	Tenement	Commodity	2019 Carrying value $	2018 Carrying value $
South Australia				
Carappee Hill	EL 5920	Graphite	1,473,446	1,492,029
Wildhorse Plains	EL 5804	Graphite	8,945,620	8,696,325
Waddikee	EL 5815	Graphite	1,013,881	996,358
Cockabidnie	EL 5791	Graphite	36,752	35,052
North Cowell	EL 6363	Graphite	391,703	383,256
Carpie Puntha	EL 5870	Graphite	25,899	16,257
Mt Messenger [2]	EL 5383	Graphite	-	19,162
Blue Hills	EL 5794	Copper/Gold	604,023	346,019
Pine Creek	EL 6000	Copper/Gold	458,351	318,101
Altimeter	EL 6029	Copper/Gold	68,061	51,984
Napoleons Hat	EL 5769	Copper/Gold	134,876	118,528
North Burra	EL 6351	Base Metals	977,996	952,266
Whyte Yarcowie	EL 5935	Cobalt/Copper	22,371	17,717
Franklyn	EL 6160	Copper/Gold	18,937	10,200
Peterborough [1]	EL 6287	Copper/Gold	10,348	-
Bendigo [1]	EL 6354	Copper/Gold	7,985	-
Yanyarrie [2]	EL 5909	Barite	-	-
Ediacara [2]	EL 4869	Barite	-	-
Ediacara [2]	PELA 567	Coal to Liquids	-	-
			14,190,249	**13,453,254**
New South Wales				
North Broken Hill	EL 8592	Cobalt/Copper	79,855	62,208
North Broken Hill	EL 8593	Cobalt/Copper	118,447	97,817
North Broken Hill	EL 8594	Cobalt/Copper	73,519	32,145
North Broken Hill	EL 8595	Cobalt/Copper	13,951	6,889
North Broken Hill [1]	EL 8779	Cobalt/Copper	9,197	-
North Broken Hill [2]	EL 8596	Cobalt/Copper	-	25,300
North Broken Hill [2]	EL 8597	Cobalt/Copper	-	24,372
North Broken Hill [2]	EL 8598	Cobalt/Copper	-	5,640
Crowie Creek [4]	EL 8871	Copper/Gold	-	-
			294,969	**254,371**
Western Australia				
Mt Keith	E53/1926	Nickel	15,072	--
			15,072	**-**
Total non-current exploration and evaluation expenditure			**14,500,289**	**13,707,625**

Tenements classified as assets of disposal group held for sale:				
South Australia				
Witchelina [5]	EL 6019	Magnesite	153,985	145,112
Termination Hill [5]	EL 5730	Magnesite	1,402,538	1,376,941
Exploration assets classified as assets of disposal group held for sale			**1,556,523**	**1,522,053**
TOTAL TENEMENT INTEREST CARRYING VALUE			**16,056,812**	**15,229,678**

OTHER LICENSES

Location	Tenement	Description
Campoona Shaft	ML 6470	Campoona Shaft
Sugarloaf	MPL 150	Graphite and graphene processing facility
Pindari	MPL 151	Pindari pipeline

1. Granted during the year.
2. Relinquished during the year.
3. Relinquished subsequent to year end.
4. EL 8871 (Crowie Creek) was granted subsequent to 30 June 2019.
5. The magnesite tenements consist the Leigh Creek Magnesia Project and were sold during the Reporting Period. The sale and purchase of these tenements is subject to satisfaction of several conditions precedent (Refer to Note 18).

All tenements and tenement applications are held 100% by Archer and its related body corporates except for EL 5804 where S Uranium Pty Ltd has the rights to explore and develop uranium projects.

NOTE 18 – ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND DISCONTINUTED OPERATIONS

On 9 October 2018, the Company announced the termination of the Share Sale Agreements with Ballista Resources Limited and subsequent cessation of non-graphite assets spin-out via IPO. The Share Sale Agreement involved the sale of Archer's wholly owned subsidiaries SA Exploration Pty Ltd and Archer Energy & Resources Pty Ltd to Ballista Resources Limited. Given the Share Agreement has been terminated all of the assets and liabilities previously classified as 'assets and disposal groups classified as held for sale and discontinued operations', for both SA Exploration Pty Ltd and Archer Energy & Resources Pty Ltd have been re-classified in the Statement of Financial Position to no longer be classified as held for sale.

SALE OF THE LEIGH CREEK MAGNESIA PROJECT

During the year ended 30 June 2018, the Company decided to sell its wholly owned subsidiaries, Leigh Creek Magnesite Pty Ltd (LCM) and CH Magnesite Pty Ltd (CHM), which together comprise the Company's Leigh Creek Magnesia Project.

The Leigh Creek Magnesia Project is located approximately 20 kilometres northwest of Leigh Creek Township, South Australia and consists of two granted exploration licences – EL 5730 (held by LCM) and EL 6019 (held by CHM).

This decision was taken in line with the group's strategy to intensify its focus on its advanced materials activities with the associated development of the Campoona graphite mine, which is consistent with the goal of the Review, to focus Archer's future investment and management attention towards areas that will deliver the best risk weighted returns for its investors.

Consequently, certain assets and liabilities allocable to Leigh Creek Magnesite Pty Ltd and CH Magnesite Pty Ltd are classified as a disposal group.

Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the groups continuing operations and are shown as a single line item on the face of the statement of profit or loss.

In July 2018, the Company announced that it had signed a legally binding share sale agreement (Magnesia Sale Agreement) for the sale of all of the shares in Leigh Creek Magnesite Pty Ltd (LCM) and CH Magnesite Pty Ltd (CHM) to Australian Consolidated Venture Capital Pty Ltd (ACN 611 739 210). Australian Consolidated Venture Capital Pty Ltd is an incorporated private Australian company, based in Brisbane.

Key terms of the Magnesia Sale Agreement are:

- The Magnesia Sale Agreement is between Archer and Australian Consolidated Venture Capital Pty Ltd and deals with the sale by Archer of all the shares in LCM and CHM to the Buyer.
- Completion of the sale and purchase of the shares (Completion) is conditional upon:

1. Buyer conducting due diligence by 31 August 2018 and the results of those enquiries being to the satisfaction of the Buyer. This condition has been satisfied;
2. Archer shareholder approval of the sale of the shares in LCM and CHM. This condition has been satisfied; and
3. the consent (if required) of counterparties under agreements affecting the Tenements. This condition has since been satisfied.

- Completion will take place on 31 December 2019 or such other date agreed by Archer and the Buyer. The date for Completion may be extended by Buyer for three months at a time (up to 31 December 2019) by paying to Archer $250,000 per extension (up to a total of $500,000) (Extension Payments).
- The purchase price payable to Archer is $2.0 million (Base Payment) plus a Bonus. The Buyer has paid to Archer a $50,000 non-refundable deposit (Deposit) and a further non-refundable $200,000 (Additional Deposit). The Deposit, Additional Deposit and Extension Payments (if any) all form part of the Base Payment, the balance of which may be satisfied in cash or, if a listing has occurred, shares in the relevant listed entity (or a combination of both) at the election of the Buyer.

The Bonus is payable if the Buyer or a related entity of the Buyer lists on a regulated stock exchange either before or within 6 months of Completion. The Bonus amount is an additional payment calculated as 5.0% of an amount $2 million below the IPO market capitalisation of the listed entity.

Shareholders approved the sale of the Company's wholly owned subsidiaries Leigh Creek Magnesite Pty Ltd and CH Magnesite Pty Ltd at the General Meeting of Shareholders held on 3 September 2018.

Operating profit of Leigh Creek Magnesite Pty Ltd and CH Magnesite Pty Ltd are shown below:

	2019	2018
	$	$
Impairment of exploration assets	-	(21,618)
Other expenses	(845)	(1,145)
Loss for year from discontinued operations before tax	**(845)**	**(22,763)**

Assets and Liabilities of Leigh Creek Magnesite Pty Ltd and CH Magnesite Pty Ltd are shown below:		
Statement of financial position		
Other current assets	136	18
Non-current exploration assets	1,556,523	1,522,053
Assets of the disposal group held for sale	**1,556,659**	**1,522,071**
Current trade payables	263	254
Liabilities included in disposal group held for sale	**263**	**254**
Cash flows generated by Leigh Creek Magnesite Pty Ltd and CH Magnesite Pty Ltd are shown below:		
Operating activities	(845)	(1,145)
Net cash used in discontinued operations	**(845)**	**(1,145)**

	CONSOLIDATED GROUP	
	2019	2018
	$	$
NOTE 19 – CAPITAL AND OTHER EXPENDITURE COMMITMENTS		
(a) Expenditure Commitments		
Capital commitments relating to tenements		
The consolidated group is required to meet minimum expenditure requirements of various Australian Government bodies. These obligations are subject to renegotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.		
Exploration expenditure commitments		
Expenditure commitment	2,309,500 [1]	2,339,500

1. Includes exploration expenditure commitments relating to tenements that have been classified as assets of disposal groups held for sale in the statement of financial position as at 30 June 2019.

Property commitments

The Company has no property commitments as at 30 June 2019 (30 June 2018: Nil)

(b) Contingent Assets/Liabilities

In November 2018, Company executed a legally binding contract (the "Sale Agreement"), for the sale of the Sugarloaf farmland located near the township of Cleve on South Australia's Eyre Peninsula. Under the terms of the Sale Agreement, Archer sold the entirety of the Sugarloaf farmland but maintains an option to buy back approximately 30% of the Sugarloaf farmland, which may be required for the construction of the Sugarloaf Graphite Processing Facility. The option to buy back part of the land can be exercised by Archer any time during the next 20 years. Refer Note 11.

The Group did not have any further contingent assets as at 30 June 2019.

The Group did not have any contingent liabilities as at 30 June 2019.

The Group has minimum expenditure commitments on exploration licences as per the terms of the exploration licences. Unexpended commitment for a particular year can be deferred or rolled over to subsequent years of the licence term.

NOTE 20 – OPERATING SEGMENTS

Segment Information

The Directors have considered the requirements of AASB 8 - Operating segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources have concluded at this time there are no separately identifiable segments.

NOTE 21 – CASH FLOW INFORMATION		**CONSOLIDATED GROUP**
a) Reconciliation of cash flows from operations with Loss after Income Tax	**2019 $**	**2018 $**
Loss after income tax	(1,738,332)	(1,854,520)
Depreciation (net of capitalised depreciation)	17,730	17,105
Amortisation of intangibles	52,403	104,808
Write-off of Campoona land asset	-	180,629
Write-down of inventory	76,800	
Share based payment - to employees	89,066	167,816
Gain on sale of assets	-	(37,479)
Exploration expenditure expensed	33,287	12,977
Impairment of exploration assets	82,159	244,954
Changes in assets and liabilities:		
- Decrease / (increase) in trade and other receivables	(117,124)	75,586
- Increase / (decrease) in trade and other payables	(77,693)	86,955
- Decrease in employee entitlements	(6,971)	64,370
Net cash used in operating activities	**(1,588,675)**	**(936,799)**

b) Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities undertaken during the current or prior reporting periods.

NOTE 22 – SHARE BASED PAYMENTS	CONSOLIDATED GROUP	
	2019	2018
	Number of Performance Rights	Number of Performance Rights
a) Performance Rights		
Balance at the beginning of the year	4,500,000	2,250,000
Performance rights granted during the year	450,000	3,000,000 [1]
Performance rights vested during the year	(3,750,000)	-
Performance rights forfeited /cancelled during the year	(150,000)	(750,000)
Balance at the end of the year	**1,050,000 [2]**	**4,500,000**

1. The share-based payment expense for the 3,000,000 Rights issued to Dr Mohammad Choucair, the founder of Carbon Allotropes Pty Limited was calculated in accordance with AASB 2: Share Based Payments. The total fair value for the 3,000,000 Rights issued is $240,000, with $80,000 expensed to the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the year ended 30 June 2019 (30 June 2018: $160,000) to recognise the vesting criteria within the Share Purchase Agreement.
2. On 8 July 2019, the Company allotted 787,500 fully paid ordinary shares as a result of vesting of 75% of Performance Rights previously issued to employees that met the performance conditions for the year ended 30 June 2019. The remaining 262,500 Performance Rights (representing 25%) were forfeited

In October 2016, 2,700,000 Performance Rights (Rights) were granted to Directors, the Company Secretary and employees. The Rights were granted in accordance with the long-term equity incentive as outlined in the Archer Performance Rights Plan. Following director Tom Phillip's retirement on in December 2016, the 450,000 Rights that were granted to him lapsed.

The share based payment expense for the remaining 2,250,000 Rights issued was calculated in accordance with AASB 2: Share Based Payments, using a Monte Carlo Simulation method to determine the fair value of the Rights.

The total fair value for the 2,250,000 Rights issued is $25,253 and this amount is being expensed over 3 years commencing 1 July 2016. $2,850 has been included in the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the year ended 30 June 2019 (30 June 2018: $7,816).

Rights granted during the reporting period

On 6 July 2018, a 450,000 Rights were granted to employees of the Company. The Rights were granted in accordance with the long-term equity incentive as outlined in the Archer Performance Rights Plan. The Rights are subject to meeting vesting criteria for the performance period 1 July 2018 to 30 June 2019 and expire on 31 July 2019. During the reporting period 150,000 of these Rights lapsed in accordance with the Archer Performance Rights Plan.

The share-based payment expense for the 450,000 Rights issued was calculated in accordance with AASB 2: Share Based Payments, using a Monte Carlo Simulation method to determine the fair value of the Rights. The total fair value for the 450,000 Rights issued during the period is $9,324 and this amount is being expensed over 1 year commencing 1 July 2018.

The fair value of the Rights was estimated on the grant date using the following assumptions:

Stock price 1 July 2018 ($/share)	0.10
Stock volatility (%)	103.4
Index volatility (%)	18.2
Correlation (stock v index)	0.06
Risk-free interest rate (%)	2.00
Expected life (years)	0.98

During the period the share-based payments expense was reduced following the lapsing of 150,000 Rights during the reporting period. An amount of $6,216 has been included in the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the year ended 30 June 2019 (30 June 2018: nil)

Rights vested during the period

On 6 July 2018, 750,000 new shares were issued as a result of the vesting of Rights that met the performance conditions for the performance period 1 July 2017 to 30 June 2018.

On 31 October 2018, 3,000,000 new shares were issued to Mohammad Choucair following the vesting of Rights previously issued to him as consideration for the Company's acquisition of Carbon Allotropes Pty Limited. The vesting of the Rights was subject to the satisfaction of certain conditions precedent.

Rights forfeited during the period

During the reporting period, 150,000 Rights previously issued to an employee of the Company, lapsed in accordance with the terms and conditions of the Company's Performance Rights Plan.

	CONSOLIDATED GROUP	
	2019	**2018**
	Number of Unlisted Options	**Number of Unlisted Options**
b) Unlisted Options		
Balance at the beginning of the year	5,000,000	5,000,000
Unlisted options granted during the year	-	-
Unlisted options vested during the year	-	-
Unlisted options lapsed/cancelled during the year	(5,000,000)	-
Balance at the end of the year	-	5,000,000

During the reporting period 5,000,000 Rix Options lapsed, unexercised. There were no further options issued, exercised or forfeited during the reporting period.

No amount has been included in the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense during the reporting period (2018: Nil).

During the period an amount of $88,000 has been transferred to retained losses from the Share Based Payments Reserve.

NOTE 23 – EVENTS AFTER REPORTING DATE

- On 1 July 2019, the Company announced the completion of the sale of its Sugarloaf farmland located on the Eyre Peninsula. At completion Archer received $1.35 million.

  Under the terms of the Sale Agreement, Archer has sold the entirety of the Sugarloaf farmland but maintains an option to buy back approximately 30% of the Land, which will be required for the construction of the Processing Facility. The option to buy back part of the land can be exercised by Archer any time during the next 20 years.

- On 8 July 2019, the Company allotted 787,500 fully paid ordinary shares as a result of vesting of 75% of the Performance Rights that met the performance conditions for the year ended 30 June 2019. The remaining 262,500 Performance Rights (representing 25%) were forfeited.

Other than the matters noted above there have been no other subsequent events which require disclosure.

NOTE 24 – RELATED PARTY TRANSACTIONS

a) Subsidiaries

Interests in subsidiaries are disclosed in Note 8.

b) Key Management Personnel

Disclosures relating to Key Management personnel are set out in Note 4 and the Remuneration Report contained within the Directors' Report.

c) Other transactions with related parties

Piper Alderman lawyers were paid a total of $26,453 (2018: $57,449) for legal services rendered to the Group. Mr English is a partner of Piper Alderman lawyers. The fees were at normal commercial rates.

NOTE 25 – FINANCIAL INSTRUMENTS

a) Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payables and loans to and from subsidiaries.

i) Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

ii) Financial Risk Exposure and Management

the main risk the group is exposed to through its financial instruments is interest rate risk.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. It is the policy of the group to keep surplus cash in high yielding deposits.

	Weighted Average Effective Interest Rate		Interest Bearing		Non Interest Bearing		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	%	%	$	$	$	$	$	$
Financial Assets								
Cash at bank	0.40%	1.50%	555,541	617,783	-	-	555,541	617,783
Deposits	1.98%	2.33%	140,208	2,131,803	-	-	140,208	2,131,803
Receivables			-	-	282,721	110,107	282,721	110,107
Total Financial Assets			**695,749**	**2,749,586**	**282,721**	**110,107**	**978,470**	**2,859,693**
Financial liabilities								
Payables	-	-	-	-	(483,385)	(227,090)	(483,385)	(227,090)
Total Financial Liabilities	**-**	**-**	**-**	**-**	**(483,385)**	**(227,090)**	**(483,385)**	**(227,090)**
Total Net Financial Assets/ (Liabilities)			**695,749**	**2,749,586**	**200,664**	**(116,983)**	**495,085**	**2,632,603**

b) Sensitivity Analysis

Interest Rate and Price Risk

The group has performed a sensitivity analysis relating to its exposure to interest rate risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2019, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	CONSOLIDATED GROUP	
	2019	2018
	$	$
Change in loss		
- Increase in interest rates by 2%	2,804	42,636
- Decrease in interest rates by 2%	(2,804)	(42,636)
Change in equity		
- Increase in interest rates by 2%	2,804	42,636
- Decrease in interest rates by 2%	(2,804)	(42,636)

c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalent and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximate their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on discounting future cash flows by the current interest rates for assets and liabilities with similar risk profiles. The balances are not materially different from those disclosed in the balance sheet of the consolidated entity.

d) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

NOTE 26 – ARCHER EXPLORATION LIMITED PARENT COMPANY INFORMATION

	PARENT ENTITY	
	2019	2018
	$	$
PARENT ENTITY		
ASSETS		
Current Assets	706,318	2,656,821
Non-current assets		
Loans to subsidiaries	-	-
Investments in subsidiaries	266,624	266,624
Other non-current assets	94,005	35,787
TOTAL ASSETS	**1,066,947**	**2,959,232**
LIABILITIES		
Current Liabilities	518,072	320,994
Non-current Liabilities	22,475	11,454
Loans from subsidiaries	25,269	25,268
TOTAL LIABILITIES	**565,816**	**357,716**
EQUITY		
Issued capital	23,873,093	23,249,187
Reserves	264,698	503,632
Accumulated losses	(23,636,660)	(21,151,303)
TOTAL EQUITY	**501,131**	**2,601,516**
FINANCIAL PERFORMANCE		
Loss for the year [1]	(2,485,357)	(12,066,936)
Other comprehensive income	-	-
TOTAL EQUITY	**(2,485,357)**	**(12,066,936)**

1. Includes expense associated with the elimination of intercompany balances between wholly owned subsidiaries within the Archer Group as at the end of the respective reporting periods.

Guarantees in relation to relation to the debts of subsidiaries

Archer Exploration Limited has not entered into a deed of cross guarantee with its wholly-owned subsidiaries Pirie Resources Pty Ltd, Archer Pastoral Company Pty Ltd, Leigh Creek Magnesite Pty Ltd, Archer Energy & Resources Pty Ltd, SA Exploration Limited, CH Magnesite Pty Ltd and Carbon Allotropes Pty Limited.

Contingent Liabilities

Archer Exploration Limited has no contingent liabilities as at 30 June 2019 (2018: nil).

Contractual Commitments

Archer Exploration Limited has no contractual commitments as at 30 June 2019 (2018: nil).

In July 2018, the Company and the vendor re-structured the terms of the Campoona land sale agreement such that instead of purchasing the land outright, Archer has been granted an option of acquiring the land sometime in the next 20 years.

/ Directors Declaration

The Directors of the Company declare that:

1. the Financial Statements and Notes as set out on pages 50 to 86 are in accordance with the Corporations Act 2001 and:

   a) comply with Australian Accounting Standards and International Financial Reporting Standards as disclosed in Note 1; and

   b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company and Consolidated Group;

2. the Executive Chairman and the Chief Financial Officer have each declared that:

   a) the financial records of the Company for the year ended have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   c) the financial statements and notes give a true and fair view;

3. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

GREG ENGLISH
CHAIRMAN

Adelaide
Dated this 17th September 2019

Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA
5000

T +61 8 8372 6666

Independent Auditor's Report

To the Members of Archer Exploration Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Archer Exploration Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Material uncertainty related to going concern

We draw attention to Note 1 (s) in the financial statements, which indicates that the Group incurred a net loss of $1,738,332 during the year ended 30 June 2019, and as of that date, the Group's cash outflow from operating and investing activities totalling $2,437,743. As stated in Note 1 (s), these events or conditions, along with other matters as set forth in Note 1 (s), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets – Note 1 (d), (p) & 10	

At 30 June 2019 the carrying value of exploration and evaluation assets was $14,500,289.
 	
In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.
 	
The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.
 	
This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.
	Our procedures included, amongst others:
	
	• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;
	• reviewing management's area of interest considerations against AASB 6;
	• conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including;
	  – tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;
	  – enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure;
	  – understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
	• assessing the accuracy of impairment recorded for the year as it pertained to exploration interests;
	• evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and
	• assessing the appropriateness of the related financial statement disclosures.

Grant Thornton

Key audit matter	How our audit addressed the key audit matter
Accounting for Assets Held for Sale – Note 1 (q) & 18	
During the year, the Group identified business assets and associated liabilities that would be realised through a sale transaction rather than through continuing use. Total non-current assets classified as held for sale totalled $1,217,170 and assets of disposal groups classified as held for sale totalled $1,556,659. Discontinued operations and the associated assets classified as held for sale require specific conditions to be met before an asset can be classified in accordance with *AASB 5: Non-current Assets held for Sale and Discontinued Operations*. Upon classification under AASB 5, an assessment is required to determine whether assets are held at the lower of cost of fair value less costs to sell. This area is a key audit matter due to judgements required for classification under AASB 5 and assessment of carrying value.	Our procedures included, amongst others: • evaluation of management's assumptions applied to determine the assets held for sale are in accordance with the requirements of AASB 5; • assessment of managements identification of the related assets and liabilities classified as held for sale; • testing the carrying value to determine that this is measured at the lower of its carrying value amount and fair value less costs to sell; and • assessing the adequacy of the disclosures included in the financial statements.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Grant Thornton

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Archer Exploration Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 17 September 2019

/ Additional Information

ADDITIONAL INFORMATION

Compiled as at 11 September 2019

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below.

SHAREHOLDER INFORMATION

Substantial Shareholders

There are no substantial shareholders in the Company with 5% or greater relevant interest in securities of the company.

Distribution of equity securities

Number of security holders by size of holding:

Range	Shares	Unlisted Options	Unlisted Performance Rights
1 - 1,000	148	-	-
1,001 - 5,000	322	-	-
5,001 - 10,000	484	-	-
10,001 - 100,000	1,210	-	-
100,001 - 999,999,999	370	-	-
Total	**2,534**	-	-

Unmarketable Parcels	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.14 per unit	3,572	273	355,254

VOTING RIGHTS

At meeting of members or classes of members.

Ordinary shares

On a show of hands, every person present who is a member or proxy, attorney or representative of a member has one vote.

Unlisted options and Unlisted Performance Rights

No voting rights.

/ Additional Information

TWENTY LARGEST HOLDERS OF EACH CLASS OF QUOTED EQUITY SECURITY

Ordinary Shares

Rank	Name	Units	% Issued capital
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,543,414	3.83
2	GDE EXPLORATION (SA) PTY LTD <DRAGON MINING INVESTMENT A/C>	7,534,798	3.82
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,847,608	3.47
4	CITICORP NOMINEES PTY LIMITED	3,972,236	2.02
5	DR MOHAMMAD CHOUCAIR	3,112,500	1.58
6	MS ALICE MCCLEARY + MR BRIAN JOHN MCCLEARY <ALICE MCCLEARY S/F A/C>	2,700,761	1.37
7	MR ROGER EDWARD KOCH	2,600,000	1.32
8	MR BASIL CATSIPORDAS	2,000,000	1.01
9	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,956,417	0.99
10	GDE EXPLORATION (SA) PTY LTD <A1 ENGLISH FAMILY A/C>	1,947,435	0.99
11	MR JOHN VINCENT WIGGINS	1,917,945	0.97
12	DEBORAH ANNETTE ROSSITER	1,883,679	0.96
13	MR PETER PALAN + MRS CLARE PALAN <NAPLA PROVIDENT FUND A/C>	1,836,363	0.93
14	MR ALISTAIR CHARLES JACKSON	1,547,347	0.79
15	KOOYAP PTY LTD <YAP & FOO S/F A/C>	1,500,000	0.76
16	GERARD ANDERSON SUPER PTY LTD <GERARD ANDERSON SF A/C>	1,478,041	0.75
17	MR STEPHEN MAHNKEN + MS DIOR MAHNKEN <THREE FISH A/C>	1,428,571	0.72
18	MR PETER IRWIN <SIAM DISCRETIONARY A/C>	1,400,000	0.71
19	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	1,208,197	0.61
20	MR NEVILLE ROBERT STEVENS	1,195,348	0.61
Total		**55,610,660**	**28.22**

Corporate Governance Statement
For the Year Ended 30 June 2019

The Corporate Governance Statement for the Group is located in the Corporate Governance section of the Company's website at: www.archerx.com.au

/ Corporate Directory

DIRECTORS

Greg English – Executive Chairman
Alice McCleary – Non-Executive Director
Paul Rix – Non-Executive Director

CHIEF EXECUTIVE OFFICER

Mohammad Choucair

COMPANY SECRETARY

Damien Connor

REGISTERED OFFICE

Ground Floor
28 Greenhill Road
WAYVILLE SA 5034

Telephone:	+61 8 8272 3288
Fax:	+61 8 8272 3888
Email:	info@archerx.com.au

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000

AUDITORS

Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street
ADELAIDE SA 5000

SOLICITOR

Piper Alderman
Level 16, 70 Franklin Street
ADELAIDE SA 5000

BANKERS

National Australia Bank
Level 11, 22 King William Street
ADELAIDE SA 5000

AUSTRALIAN SECURITIES EXCHANGE

The Company is listed on the Australian Securities Exchange

ASX CODE: AXE

ANNUAL REPORT / 2019

ARCHER