ARCHER

Annual Report

2020

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CHAIRMAN'S LETTER

Financial Year 2020 was busy and successful as we accelerated our transition of the Company away from mineral exploration and toward materials technology. Throughout the year, the focus on the materials technology transition increased significantly.

In less than two years since announcing the commencement of our ^{12}CQ Project, we have made substantial progress on creating a new culture and identity, while maintaining our habit of doing high-quality work cost-effectively.

During the year we delivered all that we announced at the start of the year and more. We further sharpened Archer's strategic focus on Quantum Technology, Human Health and Reliable Energy. We continued to divest non-core exploration tenements and assets as a means of funding the Advanced Materials Business, and on 2 July 2020 completed the divestment of the Leigh Creek Magnesia Project for $2.8 million.

Our exploration tenements are no longer core to our materials technology business strategy. We will continue the divestment of our remaining exploration projects in a disciplined way to maximise the value of these assets as we continue to shift our portfolio toward our Advanced Materials Business.

CHAIRMAN'S LETTER

Our positive results and progress to date are the product of bold moves made more than two years ago to transform Archer from a junior mineral explorer to a developer of world-changing technologies and positioning the Company for strong growth. We embarked on this transition at a time when few other people recognised the potential of quantum computers. Archer was able to see the technological transformation path of the Company, our Company, and we decided to follow it.

It has not been easy to drive the transformation of Archer while also meeting the needs of shareholders and potential investors. We have had to carry out this transformation in an environment that was not favourable to this change. Today Archer is considerably more robust than it was two years ago. Although we have already seen an increase in our share price, we are convinced that the share price still has further growth potential to better reflect the true value of the Company. The transformation of a company with 13 years of history requires both time and effort, and we are starting to see the positive results of these efforts.

At times over the past few years, Archer has been perceived to be a complicated and diverse company. Dr Choucair and his team have worked hard to simplify the way we explain our business to potential investors, brokers and analysts. More and more, people now "get" our story and understand what drives our strategy and vision. In building an materials technology company, we have not limited our vision to the next quarter or even to the following two, but are re-shaping the Company for the next 20 or 30 years.

Share markets can be fickle, but our share-price performance over the last 12 months would suggest that our shares are slowly being re-rated, even given recent share market volatility. Consistent results in the future will hopefully support a further re-rating, closer to the multiples being achieved by our domestic and overseas peers.

We are now the only ASX listed Company that offers shareholders exposure to the ever-growing world of quantum computing. By developing our Advanced Materials Business, we have laid the foundation for a new era of technology and business. We have made considerable progress in a short amount of time, and it's easy to forget that we are still in the early stages of a long cycle of a technological revolution.

With our Advanced Materials Business, we have deliberately selected technologies that we believe can make a real contribution to society and help to find solutions to global challenges. We believe that this strategy will enable us to maximise value for our shareholders and have a long-term positive impact on the Company.

Our primary focus during the past 12 months has been on the development of the room temperature quantum computer chip. We believe that over the next few years that quantum computing will move from the high-tech lab to mainstream commercial use, representing the next major breakthrough in modern IT. Quantum computing represents a sweeping technological breakthrough that is set to change so much of the way we work and interact. Its disruptive potential exceeds that of the internet, smartphones and cloud computing combined, and the way governments and economies operate will be radically and fundamentally altered.

Our most significant transaction during the year was the collaboration agreement with IBM. As part of the agreement between Archer and IBM, Archer is the first Australian Company building a quantum computing qubit processor to join the global IBM Q Network as an ecosystem partner. We have already begun accessing IBM's quantum computing expertise and resources, and open-source Qiskit software and developer tools.

IBM has also provided Archer access to the IBM Quantum Computation Center, which includes the most advanced quantum computers commercially available to explore practical applications. We will continue to work with IBM to seek mutually beneficial collaborative opportunities for the advancement of quantum computing. Such options may include demonstration and development of actual and conceptual quantum processors and hardware, algorithms, applications, and business use cases.

During the year, we continued to develop IP associated with a potential solution to graphene-based biosensors capable of complex detection of disease. A set of new graphene materials has been designed by Archer that could be directly applied for enhanced biosensing and their processing into biocompatible inks in water-based solvents, eliminating the use of hazardous and non-biocompatible chemicals, increasing the scope of biomolecules that can be detected. We have made considerable progress with the biosensing interface, data processing, and design and fabrication of materials electrodes critical to the biosensor technology function and will continue this work in 2021.

Quantum computers, our graphene ink biosensor and other advanced technologies are changing the very nature of our work. To keep up with the rate and pace of these changes, Archer has been growing our team and recruiting skilled technicians. At the heart of our workforce transformation is the constant recruitment of employees with relevant skills and access to world-class equipment, laboratories and experts. Over the last two years, we've increased our hiring of technology focussed roles, and this work will continue into 2021.

We achieved a significant milestone in our collaboration agreement with IBM and technologies being developed by our team will position us for the future. We have a unique offering, a strong balance sheet, and a dedicated and talented team. We are a Materials Technology company, and we know what we need to do in order to succeed in 2021 and the years ahead.

Archer is now set for a future that is different from its past, but some things won't change. We will continue to sell our mineral exploration projects to fund our Advanced Materials Business and conduct all of our activities professionally and cost-effectively.

We take this opportunity to thank all our employees for their dedication and energy in making 2020 a success. We also express our gratitude to our partners who provide us with the laboratories, tools and equipment to allow us to do our work. Finally, we thank our shareholders for your continued support, trust and confidence.

Greg English
Executive Chairman
Adelaide
Dated this 25th day of September 2020

Operating and Financial Review

STRATEGY

Archer is a materials technology company with a focus on developing innovative deep tech. The licencing, acquisition and ownership of intellectual property assets is part of Archer's strategy to commercially develop materials technology in the key areas of quantum technology, human health, and reliable energy.

The Company's strategic execution priorities are:

- Building and commercialising the ^{12}CQ quantum computing chip.
- Patenting and developing graphene-based biosensors.
- Discovering and integrating advanced materials in energy storage technologies.

In addition, the Company 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 is consistent with this strategy.

In 2019/2020 the Company:

- Gained commercial access to world class infrastructure, facilities, and technical experts in Australia, Switzerland, and the US to develop Archer's deep tech.
- Successfully built and tested qubit components of the ^{12}CQ quantum computing chip in an Australian semiconductor foundry, while progressing international patent applications in the EU and Japan.
- Signed a quantum computing agreement with IBM which supports Archer's plans to use Qiskit as the software stack for the ^{12}CQ chip technology and joined the invite-only global IBM Q Network as an ecosystem partner – the first Australian company building a qubit processor chip to do so.
- Commenced prototyping the Company's graphene biosensor technology and filed an international patent application to protect the underlying intellectual property.
- Prepared and tested high-value lithium-ion battery anode materials with commercially relevant cathode formulations for the of Archer's Eyre Peninsula Graphite Project.

In 2020/21, Archer's growth involves:

- Development of the ^{12}CQ quantum computing chip and the Company's graphene-based biosensor technology.
- Active collaboration with IBM and participation in the global IBM Q Network.
- Acquiring new materials technology for inclusion in the key area of reliable energy.
- Hiring new staff to expedite the development of Archer's deep tech.
- Divesting the Company's non-core exploration assets.

SUMMARY OF FINANCIAL PERFORMANCE

The net loss of the Group for the 2019/20 financial year was $2,816,890 (2019: $1,738,332) after accounting for R&D tax concession benefits of $238,859 (2019: $102,421) and includes mineral exploration impaired and written off $350,609 (2019: $82,159) and a non-cash share based payments expense of $997,000 representing the fair value of the 17,500,000 unlisted options issued to employees in November 2019.

During the year ended 30 June 2020 the Group's net cash position increased by $7,418,933 from $695,749 (1 July 2019) to $8,114,682 (30 June 2020) and no corporate debt. This net increase in cash was predominantly influenced by cash inflows associated with two share purchase plans ($8,355,600), the exercise of share options ($256,557) and research and development tax incentive ($102,421). These inflows were offset by outflows associated with direct expenditure on advance materials & technology activities ($493,589), exploration expenditure ($987,776) and wages, corporate & administration expenditure ($1,193,706).

CHANGES IN SHARE CAPITAL

SHARES

The number of shares on issue increased from 196,304,283 (1 July 2019) to 224,354,823 (30 June 2020) during the year as a result of the following events:

- Shares issued under two share purchase plans (25,933,040 shares).
- Shares issued following the exercise of share options (1,330,000 shares)
- A total of 787,500 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 1,050,000 (1 July 2019) to Nil (30 June 2020) during the year as 787,500 performance rights vested into an equivalent number of shares following the satisfaction of the performance conditions for the year ended 30 June 2019.

The remaining 262,500 performance rights were forfeited.

UNLISTED OPTIONS

The number of share options on issue increased from Nil (1 July 2019) to 18,170,000 (30 June 2020) during the year as a result of the following events:

- 17,500,000 share options were issued to Directors and employees following shareholder approval at the Company's Annual General Meeting held on 30 October 2019. The share options are exercisable at $0.1929 each and expire on 31 March 2023.
- 1,330,000 share options (exercise price of $0.1929 and expiry date of 31 March 2023) were exercised into shares.
- 2,000,000 share options were issued to a consultant who was assisting in the development of the Company's halloysite-kaolin projects. The share options were exercisable at $0.245 each end expiry date of 31 March 2023, and subject to particular vesting conditions. The share options did not vest and were forfeited subsequent to year end in accordance with the terms on which they were issued.

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.

KEY AGREEMENTS

Development and commercialisation of the ^{12}CQ qubit processor chip intellectual property and associated international patent applications are 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 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.

PATENT APPLICATIONS

Commercially exploiting and legally protecting the intellectual property underlying the Company's graphene-based biosensor development technology is dependent on the Company progressing its associated patent applications. As at the date of this document, the Company is not aware of any grounds that the patent application would lapse.

COVID-19

The development of the Company's technologies requires access to institutional scale infrastructure and facilities which if shutdown due to COVID-19 would restrict Company access during the periods of closure. The Company currently has access to facilities and collaborators in numerous locations in Australia, Germany, Switzerland, and the USA to help limit the impact of any closures. Australian border closures and restrictions on international and domestic travel may limit the Company's ability to hire personnel and perform development work in facilities interstate and abroad.

KEY PERSONNEL

The Company's technology is unique, with very few people available globally with the required knowledge, skills, relationships and experience to develop the technologies towards commercialisation. The Company's projects may be delayed if key personnel are not available to work on the projects.

GOVERNMENT APPROVALS

The Company is only permitted to commence mining of the Campoona Graphite resource (Campoona) once it obtains a Program for Environmental Protection and Rehabilitation (PEPR). A PEPR for small scale graphite recovery from Campoona has been lodged with the South Australian Government and has not yet been granted, however the Company has no reason to believe that the PEPR will not be granted.

ADVANCED MATERIALS

Advanced materials are the tangible, physical basis of Archer's technology. The successful development and commercialisation Archer's deep tech could disrupt and revolutionise global multibillion-dollar industries.

The most crucial resources Archer is utilising in its early-stage commercialisation phase to deliver shareholder value includes employing pioneers with strong technical expertise, securing intellectual property with a long-term competitive advantage, establishing commercial access to world-class technology development infrastructure, and collaborating with highly-resourced organisations in industry - and market-leading positions.

Advanced Materials

Archer staff in a semiconductor foundry using ^{12}CQ chip fabrication instruments.

QUANTUM TECHNOLOGY

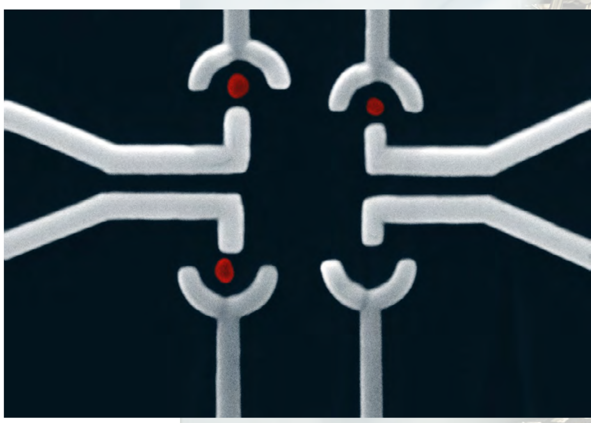
Quantum computing represents the next generation of powerful computing. A qubit processor is the most crucial hardware component in quantum computers.

12CQ is a world-first qubit processor chip technology that Archer aims to build for quantum computing operation at room-temperature and integration onboard modern electronic devices.

Qubit processors are being developed to implement ‘quantum algorithms’ that may address applications that classical computers find extremely difficult or impossible. The applications that could greatly benefit from onboard qubit processors include complex image processing, and securing communications and financial transactions.

Archer is well-positioned to successfully build and commercialise an operational qubit processor as a potential solution to the widespread use of quantum computing, as:

- Archer is using the only reported conducting qubit material capable of stable and robust quantum information processing at room-temperature: a key barrier to use for any future quantum computing powered consumer devices.
- A quantum computing agreement signed with IBM, which supports Archer’s plans to use Qiskit as the software for 12CQ processors, and participation in the global IBM Q Network as an ecosystem partner – the first Australian company building a qubit processor to do so.
- Archer has commercial access to the infrastructure, chip foundries, and collaborative partnerships (85+ personnel), and exclusive international rights to the IP needed to build the 12CQ qubit processor chip prototypes which is being led by the Company’s in-house nanotech and quantum tech experts.



Archer’s nanofabricated three qubit array on a silicon testbed chip.

QUANTUM COMPUTING IS REVOLUTIONARY DEEP TECH

The Company started building the ^{12}CQ chip in April 2019, and since then has been on-track in its world-first technology development. During 2019/2020, the Company achieved significant technology milestones and met industry key success factors related to the ^{12}CQ chip build for future device scalability, integration and operation.

Increases in value in the multibillion-dollar quantum computing economy is in maturing the commercial viability of quantum hardware i.e. technology development. This is because the broader semiconductor industry critically depends on hardware (e.g. qubit processors), of which there are few players, and no ‘off-the-shelf’ quantum processor chip designs.

Archer has established a track record of overcoming difficult technological challenges in the end-to-end nanofabrication, assembly, and prototyping of the ^{12}CQ chip components. The first components of the ^{12}CQ were assembled in June 2019. Within months, the Company had positioned a single qubit component with nanometer precision (Aug 2019), and applied that acquired knowledge to create few qubit arrays (Nov 2019).

BUILDING A WORLD-FIRST QUBIT PROCESSOR

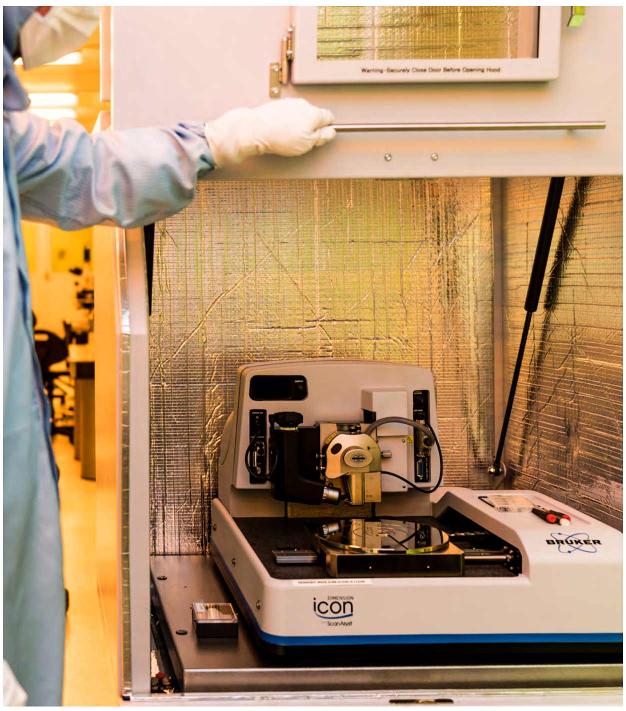
Qubit materials are the critical components of a quantum computing processor. A high level of accuracy is required in physically positioning ^{12}CQ qubits, which are only a few nanometers in size, to successfully build a working device. It is incredibly difficult to apply such a high of degree precision in controlling qubit location; however, Archer unambiguously achieved this, making it possible to scale ^{12}CQ chip qubits.

Archer assembled and patterned a nanometre-size array of several individual qubits. To assemble the few-qubit array of Archer's chip, three individual qubits were isolated on a silicon wafer with nanoscale precision and was carried out at room temperature. The arrangement of the qubits was repeatable and reproducible, and provided credibility to the [patent application claims] of ^{12}CQ chips being potentially scalable and therefore useful.

A useful qubit processor chip will need to have a number of qubits arranged in various patterns to run algorithms e.g. to perform transactions, or in error-correcting quantum information processing. Today's quantum computers have at best a few dozen qubits, so it is important Archer definitively showed the possibility of scaling qubits early in development, allowing for the next stages of development, which involve quantum information measurement.

The quantum measurements that are required and form the basis of the chip basic function – which is necessary for quantum information processing – began in early 2020. This required Archer to strategically expand the Company's direct access to infrastructure, specialised measurement instruments, and internationally recognised researchers, with a focus on several complementary approaches to achieve quantum electronic and magnetic characterisation.

The Company has been successful in securing access to state-of-art quantum measurement infrastructure, technical expertise, and development facilities, both locally and internationally, including world-renowned institutes; University of Sydney, École Polytechnique Fédérale de Lausanne (Switzerland), and UNSW Sydney. Archer also has commercial access to a local semiconductor foundry where the Company is building its ^{12}CQ chip prototype.

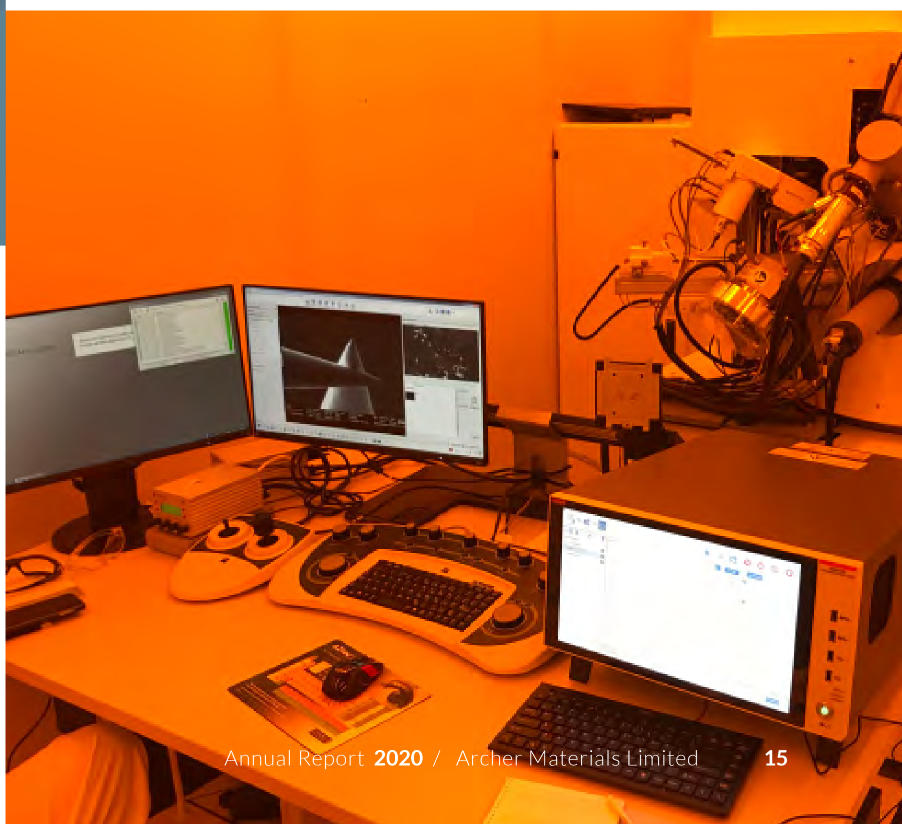


Archer staff operating instrumentation for qubit conductivity measurements.

THE QUANTUM IN QUANTUM COMPUTING

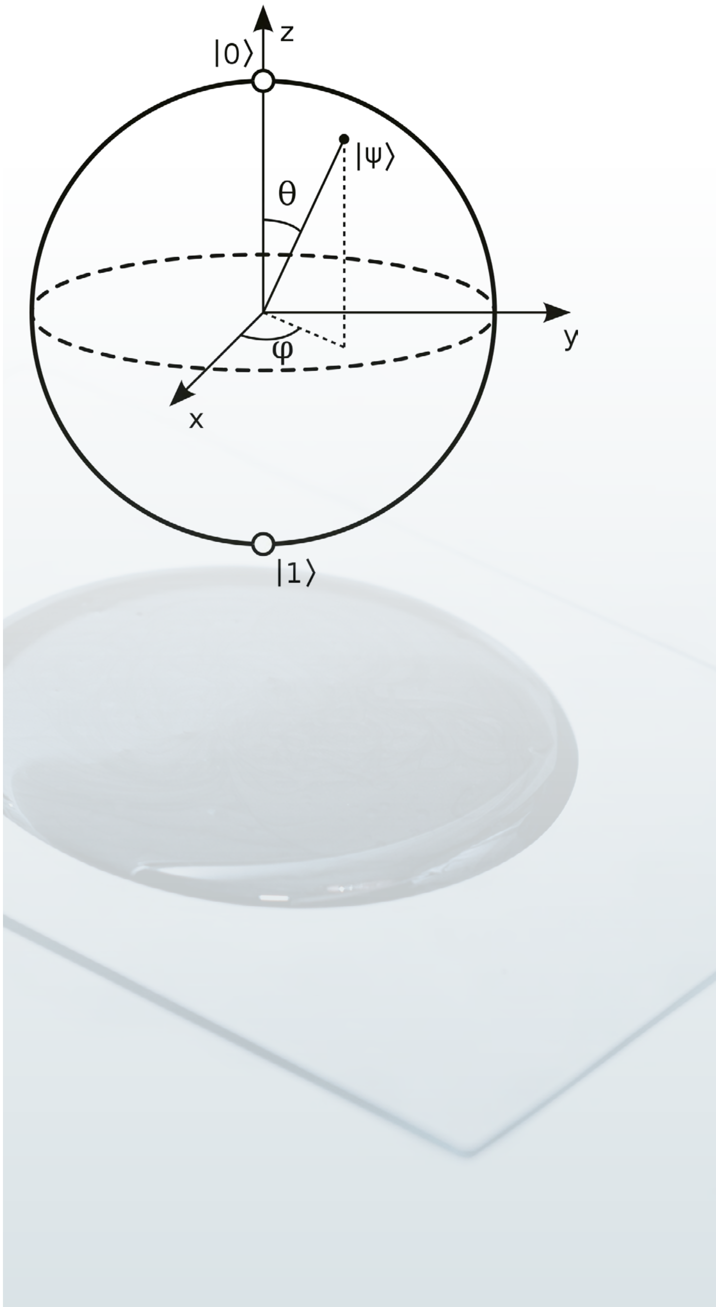
Archer successfully performed its first quantum measurement on a single ^{12}CQ qubit component in June 2020. The conductivity measurements represent the limits of what can be achieved technologically in the world today. Room-temperature conductivity of the ^{12}CQ chip qubit component was directly proven. This reinforced Archer's commercial advantage over competing qubit proposals that are difficult to integrate onboard portable devices.

The technological significance of the conductivity measurements is inherently tied to the commercial viability of the ^{12}CQ technology. The room-temperature conductivity potentially enables direct access to the quantum information stored in the qubits by means of electrical current signals on-board portable devices, a requirement for a working ^{12}CQ chip; another being 'quantum information control' which is a major focus for Archer in 2020-2021.



Quantum measurement set up for qubit characterisation.

COLLABORATION WITH A QUANTUM COMPUTING GIANT



In May 2020, only a year after commencing ^{12}CQ, Archer achieved its first major commercial milestone in its ^{12}CQ technology development by entering into an agreement with International Business Machines Corporation ("IBM") to work together on the advancement of quantum computing. Archer is the first Australian company building a quantum computing qubit processor to join the global IBM Q Network as an ecosystem partner.

The agreement with IBM supports Archer's plans to use IBM's open-source framework, Qiskit, as the software stack for the future ^{12}CQ qubit processor chip technology. Archer has begun accessing IBM's quantum computing expertise and resources, and open-source Qiskit software and developer tools. IBM has also provided Archer access to the most advanced quantum computers commercially available to explore practical applications.

Archer and IBM will seek mutually beneficial collaborative opportunities in the advancement of quantum computing. Such opportunities may include demonstration and development of actual and conceptual quantum processors and hardware, algorithms, applications, and business use cases. All of Archer's intellectual property rights and title to pre-existing materials are unaffected by the agreement.

Archer maintains an exclusive licence to all the intellectual property rights ("IP") related to the ^{12}CQ chip technology, including patent applications filed under the Patent Cooperation Treaty ("PCT") to protect and commercialise intellectual property internationally. PCT application includes Australia, China, Japan, Republic of Korea, United States of America, European Union, and Hong Kong.

PROTECTING A GLOBAL COMPETITIVE ADVANTAGE

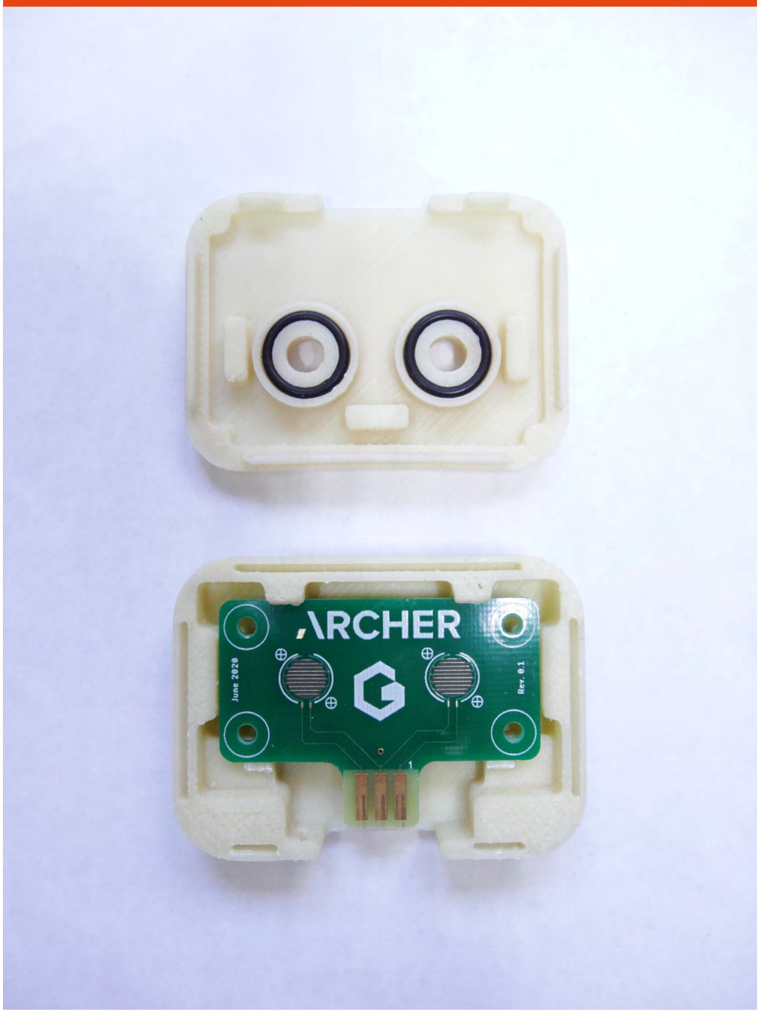
The successful development of the ^{12}CQ technology can have a big impact globally. The technology is based on novel quantum technology, and even at the early stage of development has demonstrated significant advances over quantum computing qubit processor technologies currently in use or proposed. Therefore, protecting the underlying IP in strategic jurisdictions around the world is critical to maintain Archer's valuable long-term competitive advantage.

The international PCT application continues to significantly progress in a number of jurisdictions at various stages of the patent granting procedure. In May and June 2020, the European and Japanese patent applications respectively, proceeded to substantive examination stages. The EU and Japan are major global economies rank amongst the top economies in the world for global competitiveness and GDP.

As the Company progresses on all development fronts: technology, commercial, and IP, Archer is being acknowledged on the world stage due to our success and potential to make a positive impact in the quantum economy; a deep tech economy that according to the CSIRO's roadmap titled Growing Australia's Quantum Technology Industry (that Archer contributed to), could create an $86 billion global deep tech industry by 2040.

HUMAN HEALTH

Disease detection is limited because there are only a handful of materials in existence that can perform complex biosensing.

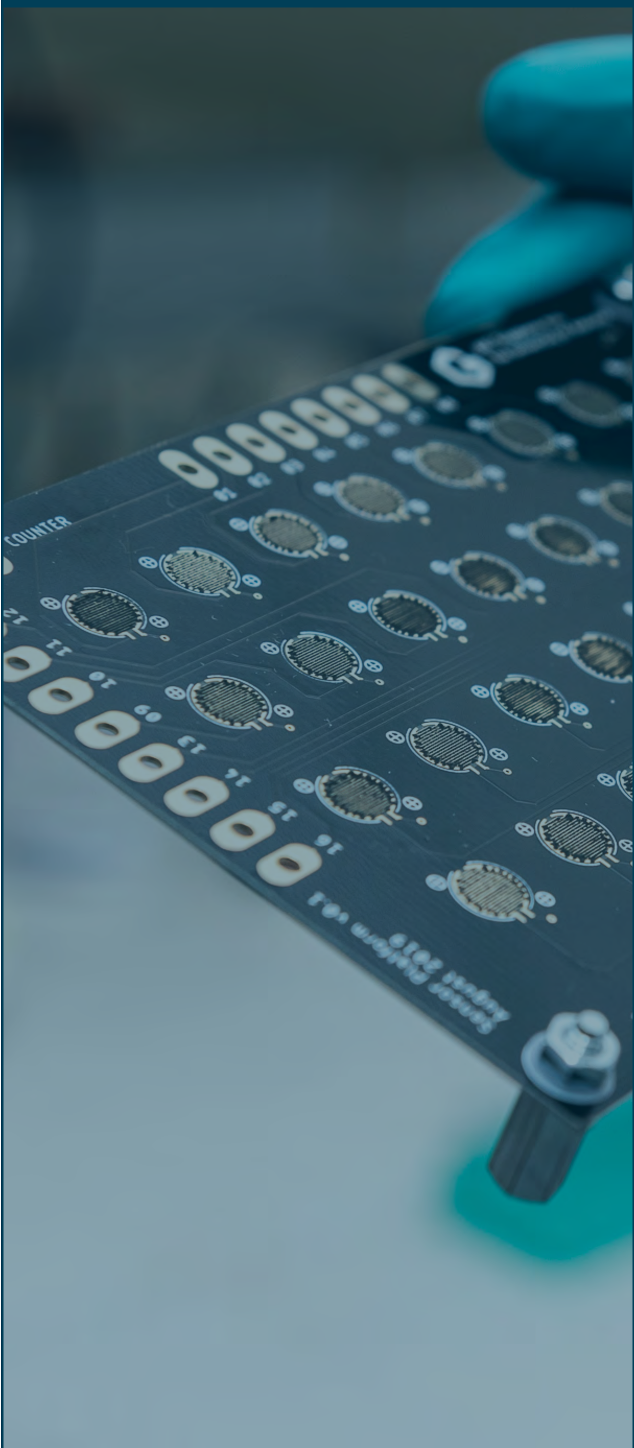


Graphene-based biosensor devices 2D printed on a circuit board that has been incorporated into the custom designed and 3D printed cartridge made from ABS. The cartridge is opened and the interior shown.

Graphene is a material that is electronically active, ultra-sensitive and biocompatible, which is ideal for biosensing. Archer is developing graphene-based biosensor technology by exploiting advanced materials at the atom-scale for potential high-value end uses, including in the multibillion-dollar biosensor industry.

Archer is building complex biosensors from the bottom-up, at the single molecule level, to create significant commercial and technological barriers in current biosensor development. R&D resources, knowledge, data, skills, expertise (both technical and go-to-market), and industry contacts, are available to Archer in-house, and through engagements with the ARC Graphene Hub and a leading German Biotechnology company.

UNLOCKING VALUE IN THE BIOTECH ECOSYSTEM



There is no doubt that diseases have a devastating effect on economies and there is value in advancing disease diagnosis using simpler, more accurate biosensors. However, as there are only a limited number of materials that can perform biosensing, innovative development is still required, and remains highly-valued by the biotech industry.

Graphene is a material that offers potential solutions to complex disease detection. However, a very high level of technical understanding is required to realise the value of graphene-based materials technology, including biosensors. Value from graphene is derived at the atom level – which has been the focus of Archer's biosensor technology development in 2019-2020.

Archer is well-positioned to successfully commercialise its graphene-based biosensor technology as a potential solution to complex disease detection. Archer CEO, Dr Mohammad Choucair, was the first in the world to directly synthesise graphene in bulk-scale quantities using chemical feedstocks that are readily available to Archer.

The Company has rapidly advanced from raw material feedstock to prototypes of a portable battery powered sensing device that can incorporate biological material. This early stage work has the potential to allow much simpler and more effective sensing where early diagnosis of life-threatening diseases can lead to much improved outcomes.

A number of achievements have been made during the year that relate to the biosensing interface, data processing, and design and fabrication of materials electrodes critical to Archer's biosensor technology function. This led to the testing of early-stage portable battery powered prototypes, which circumvent the need for cumbersome instrumentation and allows for point of use application.

A set of new graphene materials was developed by Archer that could be directly applied for enhanced biosensing and their processing into biocompatible inks in water-based solvents, eliminating the use of hazardous and non-biocompatible chemicals, and increasing the scope of biomolecules that can be detected. Laboratory synthesis was also complemented with computational models to efficiently explore for materials candidates in biomolecular sensing.

WELL PROTECTED IP IS CHARACTERISTIC OF SUCCESSFUL DEEP TECHS

Archer's key execution priority in the Human Health stream involves the prosecution of patents related to the development of graphene-based biosensor technology. This year, the Company successfully filed a patent application under the Patent Cooperation Treaty ("PCT") with the World International Patent Organization ("WIPO") via IP Australia, maintaining the priority date established from the Company's provisional patent application.

Filing an international patent application represents the first step in the commercialisation of the Company's graphene biosensor technology. Importantly, Archer maintains 100% ownership of this new Company asset having independently generated the IP through inventor Archer CEO, Dr Mohammad Choucair.

The International Search Report and Opinion of the International Searching Authority were received and are currently under review. The PCT continues to progress and is currently in the International Phase in the patent granting procedure, which is the first of two main phases, the second being the National Phase . Filing a PCT application will allow Archer to decide which countries to have patent protection in and will allow for international protection, which can last for up to 20 years.

Protecting Archer's IP is central to the Company's commercial strategy, which involves applying the triple-helix business model for biotechnology innovation to develop the graphene-based biosensor technology and sublicense the associated intellectual property rights to generate revenue. The commercialisation requires a three-prong approach involving:

- Developing commercial prototypes of in-vitro diagnostic biosensing devices by assembling and testing proprietary graphene-based componentry capable of enabling rapid multi-disease detection and device integration.
- Prosecuting strong patent applications in Australia, the US and EU and to protect the intellectual property rights to the biosensor technology.
- Establishing commercial partnerships with highly resourced organisations in the biotechnology industry with existing global distribution channels.

VALUE-CREATION AND THE TRIPLE-HELIX BUSINESS MODEL

Archer's graphene-based biotechnology is at an early stage of commercialisation. During the year, Archer engaged with independent technical and commercial advisors ("Advisors") within the Australian biotechnology industry to produce a comprehensive strategic commercialisation roadmap ("Roadmap") for Archer's graphene-based biosensor technology. The Roadmap remains commercial-in-confidence.

The independent research conducted by the Advisors indicates that within the multibillion-dollar biosensing industry, commercial transactions in the 5-year period between Jan 2014 to Dec 2019 related to diagnostics in development (i.e. not marketed):

- the average acquisition value of disclosed terms exceeded US$100 million; and
- of the 100+ partnerships and asset purchases, disclosures that were made indicated average transactions of US$20 million+.

Due to the long-term time frames associated with diagnostic deep tech development, later stage (and derisked) diagnostic technology (i.e. in-market) attracted larger size commercial transactions, with the average disclosed value from 50+ transactions, exceeding US$600 million. There were 450+ publicly announced partnerships and asset purchases, where average transactions exceeded US$230 million.

RELIABLE ENERGY

Materials discovery is a hallmark of human progress.

Traditional, laborious methods, to realise new materials are giving way to sophisticated combinatorial approaches that rely on high powered computing. Archer is exploring next-generation materials discovery schemes to develop materials portfolios that meet the minimum performance requirements and market accepted benchmarks in energy storage technologies, including lithium-ion ("li-ion") batteries.

Archer is leveraging its partnerships with highly resourced organisations to identify performance trade-offs in energy storage technologies using new materials with the aim of licencing the intellectual property rights associated with their efficient early-stage discovery. In 2019/2020, this has involved optimising, has involved optimising, creating and testing high value-added anode materials products and processes atom-by-atom, in real-world full-scale lithium-ion batteries.

MATERIALS TO ADDRESS THE COMMODITISATION OF ENERGY

The 2019 Nobel Prize in Chemistry was awarded for the development of lithium-ion batteries, reflecting the significant impact of portable energy storage and use, and the multibillion-dollar industry that it created. It is a fundamental global challenge to efficiently determine early-stage materials candidates for use in batteries from the vast combinations of formulations possible.

Highly powerful computing is accelerating the discovery and design process of new battery materials that would otherwise have consumed a tremendous amount of time and resources. This year, Archer began formulating, building, and testing full-cell lithium-ion batteries using graphite derived anodes with different end-use cathode chemistries.

Li-ion batteries consist of a group of batteries which operate with graphite in the anode. Improvements in the anode offer significant commercial development potential and 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.

Graphite is listed as a critical mineral by Australia, the US, EU, and Japan. Australia's demonstrated economic resource is approximately 7140 kilo tonnes, however graphite is not currently produced in Australia. Global production of graphite is estimated at 1200 kilo tonnes with a global market value of over US$1 billion.

The Archer team produced high-value coated spherical graphite ("CSG") materials using natural flake graphite from Archer's 100% owned Eyre Peninsula Graphite Project, which is relevant to the growing global markets serviced by lithium-ion batteries, including electric vehicles and portable electronics.

CSG materials were successfully tested in lithium-ion battery prototypes with enhanced performance in-line with industry benchmarks for CSG anodes. This now allows Archer to pursue downstream partnership and development opportunities with lithium-ion battery manufacturers, graphite processing options, and high-value graphene and graphitic materials.

The achievements made will allow Archer to grow the Reliable Energy vertical to include strong IP, access to infrastructure for the development of materials in energy technologies and attracting pioneering technologists to join the Company to establish a core function of computational materials discovery relevant to global challenges in energy management.

MINERAL EXPLORATION

All materials on earth trace back to naturally occurring resources, with mineral exploration providing the foundation of value creation in the mining industry. As a result, the discovery of high-value deposits is crucial to future technology development. Archer owns a broad-scope of mineral tenements in Australia hosting various industrial minerals and metals, at different stages of development, including potentially valuable mineral resources.

Archer's strategy to build an industry-leading materials technology company involves efficiently monetising the Company's mineral exploration assets. This year, Archer successfully sold its Leigh Creek Magnesia Project, and readied a number of projects for commercialisation, namely related to the industrial mineral Kaolin. This involved low-cost fieldwork, including basic drilling programs, metallurgy, advisory and technical reviews.

GLOBALLY IN-DEMAND CRITICAL MINERALS

Australia is rich in minerals and has some of the world's largest economic demonstrated resources, amounting to a global market value of $60bn+ in critical minerals alone. Mineral exploration involves collecting and analysing geological information to identify mineral deposits, as well as determining their economic feasibility.

Archer maintains 100% ownership of 20+ mining and exploration licences for a diverse range of minerals in Australia (see Additional Information section). During the year the Company generated, collated, and reviewed geological information to monetise key projects, including completing limited drill programs in South Australia.

A key strategic execution priority this year was the sale of Archer's Leigh Creek Magnesia Project ("Magnesia Project"), which was announced in 2018, whereby Archer received $250,000 in 2018 and a further $2.0 million and a conditional bonus payment were due at the completion of the sale process scheduled for June 2020.

Archer sold the Magnesia Project to two companies, and this year one of the companies was purchased by Volatus Capital Corporation (CSE:VC). Archer received approx. $2.64 million worth of Volatus shares and may be entitled to receive a further bonus payment should there be a future transaction with the other company involved in the Magnesia Project sale.

During the year the Company identified prospects for tin, tungsten, and nickel mineralisation across various tenement areas, and reviewed a number of prospects for gold across large regions in Australia based on historical information. However, Archer's exploration focus was in developing the Company's two Kaolin-Halloysite Projects in South Australia.

Archer's Kaolin-Halloysite Projects are in early-stages of development (named Franklyn and Eyre Peninsula). Kaolin and halloysite are alumina-based clays, that can naturally occur intermixed, and are potential feedstocks in processing high-value materials used in deep-tech and industrial applications like LEDs and petrochemical catalysis.

Drilling was completed at both Kaolin-Halloysite Projects and was successful in recovering kaolin. Microscopy directly identified halloysite (a high-value form of kaolin), at various prospects. These excellent early-stage exploration results support the Company's continued activities to commercialise its Kaolin-Halloysite Projects through sale or joint venture.

The Company's Altimeter and Eyre Peninsula projects are prospective for copper and gold. The large scale structural settings and abundance of reported copper and gold mineralisation make these areas ideal exploration targets. Archer will look to sell these large projects during the next 6 - 12 months.

Mineral Exploration

as at 30 June 2020

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	40.3
Total Resource		17,523	40.2

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

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 Materials 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'.

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 2020. Accordingly, no comparison is provided.

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 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'.

Mineral Exploration

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 2020. 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 Materials 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.

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.

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.

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

AS AT 30 JUNE 2020

All tenements 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.

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 / Kaolin
Carpie Puntha	EL 5870	Graphite
Caralue Bluff	EL 6478	Kaolin
Carappee Hill	EL 5920	Graphite
Witchelina	EL 6019	Magnesite
Termination Hill	EL 5730	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 / Kaolin
Peterborough	EL 6287	Copper / Gold
Bendigo	EL 6354	Copper/Gold

Location	Tenement	Commodity
New South Wales		
Crowie Creek	EL 8871	Copper/Gold
Stanthorpe	EL 8894	Tungsten/Tin
Western Australia		
Mt Keith	E53/1926	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

DIRECTORS' REPORT

Information on continuing Directors

Your Directors present this report on Archer Materials Limited and its consolidated entities ('Group' or 'Archer'), for the year ended 30 June 2020.

The Operating and Financial Review (which includes the Chairman's Review) of this Annual Report is incorporated by reference into, and can be found on pages 6 to 27 of this Annual 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

GREG 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 mining engineering and a law degree.

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:
8,997,618 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 a director of .au Domain Administration Limited, and 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:
316,667 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 1 December 2017. Dr Choucair is alumni of the AGSM UNSW Business School and has a strong technical background in nanotechnology. He 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 14 August 2020, the Company announced the Completion of the sale of the Leigh Creek Magnesia Project ("Project"). At Completion the Company received 6,535,775 shares ("Consideration Shares") in Canadian Stock Exchange listed Volatus Capital Corp. ("Volatus"). The Consideration Shares have a value of $2.64 million† and can be traded for the first time only after four months have elapsed from the date of distribution.

Archer has received $2.89† million for the Project, comprising:

- $250,000 cash already received; plus
- $2.0 million of Volatus shares at Completion; plus
- Bonus payment of $639,133 of Volatus shares at Completion.

Archer may be entitled to receive a further bonus payment should there be a future transaction with the other company that purchased the remainder of the Project.

†Assumes Volatus share price of A$0.40, AUD:CDN exchange rate of $0.9584 and 6,535,775 Consideration Shares issued to Archer.

On 18 September 2020, 300,000 share options (exercise price $0.1929 and expiry date of 31 March 2023) were exercised into shares.

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 2020 is dated as at 30 June 2020 and was approved by the Board on 25th September 2020.

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 Materials 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

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 16.27% 'no' votes on its Remuneration Report for the financial year ending 30 June 2019. 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 company's share price as at 30 June on each of the previous 5 years:

Item	2020	2019	2018	2017	2016
Share price	$0.60	$0.110	$0.110	$0.036	$0.072

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**		
Employee	Year	Cash Salary & Fees $	Cash Bonus $	Super-annuation $	Termination Benefits $	Unlisted Options & Performance Rights [4] $	Total $	Performance based remuneration %
Executive Directors								
Greg English [1]	2020	301,370	45,205 [2]	32,925	-	296,000	675,500	7.3%
Executive Chairman	2019	301,370	22,603 [2]	30,777	-	570	355,320	7.1%
Non-Executive Directors								
Alice McCleary	2020	59,361	-	5,639	-	88,800	153,800	-%
Independent	2019	59,361	-	5,639	-	570	65,570	0.9%
Paul Rix	2020	59,361	-	5,639	-	88,800	153,800	-%
Independent	2019	59,361	-	5,639	-	570	65,570	0.9%
Other Key Management Personnel								
Dr Mohammad Choucair	2020	175,000	43,750 [4]	20,781	-	207,200	446,731	10.7%
Chief Executive Officer	2019	175,000	31,050 [4]	19,575	-	83,108	308,733	37.9%
Damien Connor	2020	126,375	-	-	-	79,050	205,425	-%
Company Secretary & CFO	2019	130,950	-	-	-	570	131,520	0.4%
Total	**2020**	**721,467**	**88,955**	**64,984**	**-**	**759,850**	**1,635,257**	
Total	**2019**	**726,042**	**53,653**	**61,630**	**-**	**85,388**	**926,713**	

1 In addition, Piper Alderman Lawyers were paid $29,950 (2019: $26,453) 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, pursuant to Mr English's employment contract.

3 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.

4 Short-term incentive bonus related to KPI achievement, pursuant to Dr Choucair's employment contract.

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*	To 30 June 2020 $330,000 per annum (inclusive of 9.50% Superannuation) Effective 1 July 2020[1] $370,000 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*	To 30 June 2020 $191,625 per annum (inclusive of 9.50% Superannuation) Effective 1 July 2020[2] $251,850 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 2020, 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 2020. For the year ended 30 June 2021, 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.

1 The Non-Executive Directors agreed to award Mr English an increase in his annual salary, effective 1 July 2020, following a review of his remuneration with reference to his performance, responsibilities and strategic direction of the Company. Mr English's last salary increase was in July 2016.

2 The Board agreed to award Dr Choucair an increase in his annual salary, effective 1 July 2020, following a review of his remuneration with reference to his performance, responsibilities and strategic direction of the Company. Dr Choucair had not previously had a salary increase since he began his employment with the Company in 2017.

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.

Options granted to KMP during the reporting period
During the reporting period 17,500,000 Options were granted to staff and directors following shareholder at the Company's Annual General Meeting held on 30 October 2019. Only 13,000,000 of these Options were issued to KMP with the remaining 4,500,000 issued to staff. Options were issued for nil consideration and are exercisable at $0.1929 each on or before 31 March 2023. Options vest immediately on the date of issue and are are governed by the terms and conditions of the Company's Performance Rights and Share Option Plan. An amount of $759,850 has been expensed to the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the year ended 30 June 2020.

Options to KMP exercised during the reporting period
During the reporting period 530,000 Options were exercised by KMP.

Options to KMP forfeited, cancelled or lapsed during the reporting period
No Options granted to KMP were forfeited, cancelled or lapsed during the reporting period

PERFORMANCE RIGHTS (RIGHTS)

The Company's Performance Rights and Share Option 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. Vesting of Rights is generally subject to the achievement particular performance conditions as determined by the Board.

Rights granted to KMP during the reporting period
No Rights were granted as remuneration to KMP during the reporting period.

Rights previously issued to KMP that have vested during the reporting period
On 8 July 2019, 562,500 new shares were issued as a result of the vesting of 75% of Rights previously issued to KMP that met the performance conditions for the performance period 1 July 2018 to 30 June 2019. The remaining 187,500 Rights (representing 25%) were forfeited.

Rights to KMP forfeited during the reporting period
187,500 Rights previously issued to KMP were forfeited during the reporting period (as referred to above).

E. BONUSES INCLUDED IN REMUNERATION

Short-Term Incentives (STI)

The Company's performance measures involve the use of annual performance objectives, metrics, performance reviews.

The performance measures are set annually by the Board after consultation with directors and executives and are specifically tailored to the areas where each executive has a level of control.

The Key Performance Indicators (KPIs) for the Executive Chairman and Chief Executive Officer are summarised as follows:

Performance areas

- Financial: funding and share price performance
- Non-financial: strategic goals based on company objectives and job descriptions

The STI program involves cash based incentives for the executive team and other staff, as determined by the Board. The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's agreed KPIs.

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.

Employee	Included in remuneration ($)	Percentage vested during the year	Percentage forfeited during the year
Greg English [1] *Executive Chairman*	$49,500 (inclusive of 9.5% Superannuation)	100%	0%
Dr Mohammad Choucair [2] *Chief Executive Officer*	$47,906 (inclusive of 9.5% Superannuation)	100%	0%

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 set by the Board annually.

2 For the year ended 30 June 2020, 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 2020.

No other key management personnel were awarded short-term incentive cash bonuses as remuneration during the year ended 30 June 2020. The board has agreed to award Dr Mohammad Choucair (CEO) a short-term incentive cash bonus for the year ended 30 June 2021, subject to meeting agreed KPIs.

Remuneration Report (Audited)

F. OTHER INFORMATION

NUMBER OF UNLISTED OPTIONS HELD BY KMP

The number of options to acquire shares in the Company held during the 2020 reporting period by each of the KMP of the Group, including their related parties are set out below.

2020 Key Management Personnel	Balance 1/7/19	Granted as Remuneration [1]	Exercised	Expired/ Forfeited	Balance 30/6/20	Vested and exercisable	Vested and un-exercisable
Greg English	-	5,000,000	-	-	5,000,000	5,000,000	-
Alice McCleary	-	1,500,000	(330,000)	-	1,170,000	1,170,000	-
Paul Rix	-	1,500,000	-	-	1,500,000	1,500,000	-
Dr Mohammad Choucair	-	3,500,000	-	-	3,500,000	3,500,000	-
Damien Connor	-	1,500,000	(200,000)	-	1,300,000	1,300,000	-
Total	**-**	**13,000,000**	**(530,000)**	**-**	**12,470,000**	**12,470,000**	**-**

[1] 13,000,000 Options were granted to KMP following shareholder approval at the Company's Annual General Meeting held on 30 October 2019. Options were issued for nil consideration on 12 November 2020 and are exercisable at $0.1929 each on or before 31 March 2023. Options vest immediately on the date of issue and are governed by the terms and conditions of the Company's Performance Rights and Share Option Plan. An amount of $759,850 has been expensed to the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the year ended 30 June 2020.

NUMBER OF UNLISTED PERFORMANCE RIGHTS HELD BY KMP

The number of rights to acquire shares in the Company held during the 2020 reporting period by each of the KMP of the Group, including their related parties are set out below.

2020 Key Management Personnel	Balance 1/7/19	Granted as Compensation	Vested [1]	Forfeited [1]	Balance 30/6/20	Total Vested
Greg English	150,000	-	(112,500)	(37,500)	-	-
Alice McCleary	150,000	-	(112,500)	(37,500)	-	-
Paul Rix	150,000	-	(112,500)	(37,500)	-	-
Dr Mohammad Choucair	150,000	-	(112,500)	(37,500)	-	-
Damien Connor	150,000	-	(112,500)	(37,500)	-	-
Total	**750,000**	**-**	**(562,500)**	**(187,500)**	**-**	**-**

[1] On 8 July 2019, 562,500 new shares were issued as a result of the vesting of 75% of Rights previously issued to KMP that met the performance conditions for the performance period 1 July 2018 to 30 June 2019. The remaining 187,500 Rights (representing 25%) were forfeited.

NUMBER OF SHARES HELD BY KMP

The number of shares in the Company held during the 2020 reporting period by each of the KMP of the Group, including their related parties are set out below.

2020 Key Management Personnel	Balance 1/7/19	Granted as Compensation	Unlisted Options Exercised	Performance Rights Vested	Other changes	Balance 30/6/20
Greg English	9,369,733	-	-	112,500	(484,615)	8,997,618
Alice McCleary	2,588,261	-	330,000	112,500	(330,000)	2,700,761
Paul Rix	200,000	-	-	112,500	4,167	316,667
Dr Mohammad Choucair	3,000,000	-	-	112,500	(512,500)	2,600,000
Damien Connor	150,000	-	200,000	112,500	(295,000)	167,500
Total	**15,307,994**	**-**	**530,000**	**562,500**	**(1,617,948)**	**14,782,546**

END OF AUDITED REMUNERATION REPORT

Remuneration Report (Audited)

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 2020 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	12	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

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 reporting period, a total of 19,500,000 unlisted Options were issued. 1,330,000 shares have been issued as a result of exercise of Options. Subsequent to year end, a further 300,000 shares were issued as a result of exercise of Options and 2,000,000 Options were forfeited in accordance with the terms in which they were issued.

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

There are 15,870,000 unissued ordinary shares in the Company under Option at the date of this report.

See Note 14 for further details regarding movement in Options during the reporting period.

PERFORMANCE RIGHTS

During the reporting period 787,500 shares have been issued as a result of vesting and exercise of an equivalent number of Rights and 262,500 Rights lapsed unexercised.

There were no Rights on issue at the date of this report. See Note 14 for further details regarding movements in 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.

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 2020.

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 2020 has been received and can be found on page 43 of the Financial Report.

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

Greg English
Chairman
Adelaide
Dated this 25th day of September 2020

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 Members of Archer Materials Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Archer Materials Limited for the year ended 30 June 2020, 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, 25 September 2020

FINANCIAL INFORMATION

Financial Information

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	CONSOLIDATED GROUP	
		2020	2019
		$	$
INCOME			
Income	2	242,201	97,604
EXPENSES			
Depreciation expense		(15,257)	(17,730)
Impairment of exploration assets	10	(350,609)	(82,159)
Exploration expenditure expensed		(3,173)	(33,287)
Advanced Materials research & development expense		(465,920)	(129,711)
Employee benefits expense		(1,837,573)	(956,831)
Amortisation of intangibles		(6,304)	(52,403)
Write-down of inventory		-	(76,800)
Corporate consultants/public relations		(95,189)	(161,021)
Occupancy expense		(83,304)	(77,942)
ASX listing and share registry expense		(164,236)	(97,526)
Other expenses		(262,647)	(252,102)
LOSS BEFORE INCOME TAX EXPENSE		**(3,042,011)**	**(1,839,908)**
Income tax benefit – R&D tax concession	3	238,859	102,421
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(2,803,152)**	**(1,737,487)**
DISCONTINUED OPERATIONS			
Loss after income tax for the period from discontinued operations	18	(13,738)	(845)
LOSS ATTRIBUTED TO MEMBERS OF THE PARENT ENTITY		**(2,816,890)**	**(1,738,332)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO			
MEMBERS OF THE PARENT ENTITY		**(2,816,890)**	**(1,738,332)**
		Cents	Cents
LOSS PER SHARE			
Basic and diluted loss per share	15	(1.37)	(0.91)
LOSS PER SHARE FOR CONTINUING OPERATIONS			
Basic and diluted loss per share	15	(1.37)	(0.91)

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	CONSOLIDATED GROUP	
		2020	2019
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	8,114,682	695,749
Prepayments		20,283	136,684
Trade and other receivables	7	324,731	146,037
		8,459,695	**978,470**
Non-current assets classified as held for sale	11	-	1,217,170
Assets of disposal groups classified as held for sale	18	1,580,235	1,556,659
TOTAL CURRENT ASSETS		**10,039,931**	**3,752,299**
NON-CURRENT ASSETS			
Property, plant and equipment	9	59,563	59,179
Exploration and evaluation expenditure	10	15,069,074	14,500,289
Intangible asset		89,987	68,623
TOTAL NON- CURRENT ASSETS		**15,218,624**	**14,628,091**
TOTAL ASSETS		**25,258,555**	**18,380,390**
CURRENT LIABILITIES			
Trade and other payables	12	207,991	233,385
Deposit received in advance for the sale of the Leigh Creek Magnesia Project	18	250,000	250,000
Employee entitlements	13	217,629	125,836
		675,620	609,221
Liabilities of disposal groups classified as held for sale	18	267	263
TOTAL CURRENT LIABILITIES		**675,887**	**609,484**
NON-CURRENT LIABILITIES			
Employee entitlements	13	41,970	22,475
TOTAL NON-CURRENT LIABILITIES		**41,970**	**22,475**
TOTAL LIABILITIES		**717,857**	**631,959**
NET ASSETS		**24,540,698**	**17,748,431**
EQUITY			
Issued capital	14	32,485,250	23,873,093
Reserves	16	1,237,000	264,698
Accumulated losses		(9,181,552)	(6,389,360)
TOTAL EQUITY		**24,540,698**	**17,748,431**

The accompanying notes form part of the financial statements.

Financial Information

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	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.

	Issued Capital $	Retained Earnings $	Share Based Payments Reserve $	Acquisition Reserve $	Total $
BALANCE AT 1 JULY 2019	**23,873,093**	**(6,389,360)**	**24,698**	**240,000**	**17,748,431**
Fair value of unlisted options issued during the period	-	-	997,000	-	89,066
Shares issued during the year (net of costs)	8,612,157	-	-	-	8,612,157
Transactions with owners	**32,485,250**	**(6,389,360)**	**1,021,698**	**240,000**	**23,357,588**
Transfer of share- based payments reserve to retained earnings [1]	-	24,698	(24,698)	-	-
Total loss for the year	-	(2,816,890)	-	-	(2,816,890)
Other comprehensive income	-	-	-	-	-
BALANCE AT 30 JUNE 2020	**32,485,250**	**(9,181,552)**	**997,000**	**240,000**	**24,540,698**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	CONSOLIDATED GROUP	
		2020	2019
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from rental activities		-	32,533
Payments to suppliers and employees		(1,193,706)	(1,578,684)
Payments for Advanced Materials research & development		(465,920)	(129,711)
Interest received		5,630	28,545
Research and development tax concession		102,421	58,642
Commonwealth Government COVID Stimulus		50,000	-
NET CASH USED IN OPERATING ACTIVITIES	**21**	**(1,501,575)**	**(1,588,675)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(987,776)	(1,014,979)
Payments for property, plant and equipment		(26,204)	(15,466)
Proceeds from sale of land and buildings		1,350,000	-
Payments for intellectual property		(27,669)	(68,623)
Deposit received for sale of the Leigh Creek Magnesia Project		-	250,000
NET CASH PROVIDED BY / (USED) IN INVESTING ACTIVITIES		**308,351**	**(849,068)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	**14**	8,612,157	400,706
Share issue transaction costs		-	(16,800)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**8,612,157**	**383,906**
Net increase / (decrease) in cash held		7,418,933	(2,053,837)
Cash at the beginning of the year		695,749	2,749,586
CASH AT THE END OF THE FINANCIAL YEAR	**6**	**8,114,682**	**695,749**

The accompanying notes form part of the financial statements.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 Materials 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 Materials 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

Accounting policy applicable for period ended 30 June 2020

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Accounting policy applicable for period ended 30 June 2019

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.

f. Financial Instruments

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. 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 of financial assets at amortised cost

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).

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

The Group's financial liabilities include trade and other payables. 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 FVTPL, 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).

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 corporate 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.

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 expense of $350,609 was recognised in respect of non-current exploration and evaluation assets for the year ended 30 June 2020 (2019: $82,159). Impairment recognised for the year ended 30 June 2020 and 30 June 2019 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.

Research and development (R&D) tax concession

The Group is entitled to claim R&D tax incentives in Australia. The R&D tax incentive is calculated using the estimated expenditures multiplied by a 43.5% non-refundable tax offset. It has been established that the conditions of the R&D incentive have been met and that the expected amount of the incentive can be reliably measured.

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 and Note 18. 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 finite 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 Licences have been granted for patents which are undergoing prosecution by the relevant government agencies and the Company also owns a patent undergoing prosecution.

Patents have a life of up to 20 years and are assessed on a case by case basis. 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. New and Revised Accounting standards and Interpretations

(i) New standards and interpretation adopted as at 1 July 2019

AASB 16 Leases

AASB 16 supersedes AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease and became effective for reporting periods beginning on or after 1 January 2019. The standard 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. Accordingly, the Group applied AASB 16 for the first time for the year ended 30 June 2020. The Group did not have any operating lease commitment at 30 June 2019 as the Group currently leases its office space on a month by month contractual basis. The leases held by the Group satisfied the relevant criteria of a short-term lease under AASB 16, therefore this standard had no impact on the Group.

Interpretation 23 Uncertainty over Income Tax

The Group has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires:

- the Group to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty;
- the Group to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and
- if the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value.

In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. The Group has concluded that the initial application of this interpretation does not have an impact on the Group's financial results.

(ii) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the AASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

	CONSOLIDATED GROUP	
	2020	**2019**
	$	**$**
NOTE 2 - INCOME		
- Rental income	-	75,473
- Interest received	11,617	22,131
- Gain on sale of plant and equipment	130,584	-
- Commonwealth COVID Cashflow Stimulus	100,000	-
Total Income	242,201	97,604
NOTE 3 – INCOME TAX BENEFIT		
a) The components of income tax benefit comprise:		
Current tax	238,859	102,421
	238,859	102,421
b)) The prima facie tax on loss before income tax is reconciled to the income tax as follows 30% (2019: 30%):		
Net loss from continuing operations	(3,042,011)	(1,840,753)
Prima facie tax benefit before income tax at 30%	(912,603)	(552,226)
	(912,603)	(552,226)
Research and development tax concession	238,859	102,421
Tax effect of temporary differences not brought to account as they do not meet the recognition criteria	912,603	552,226
Income Tax attributable to operating loss	238,859	102,421
c) Unused tax losses for which no deferred tax asset has been recognised at 30%	6,023,165	5,110,562

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	
	2020	2019
	$	$
Short term benefits	810,422	779,695
Post-employment benefit	64,984	61,630
Share - based payments	759,850	85,388
	1,635,257	926,713
NOTE 5 – AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- auditing or review of the financial report	33,500	31,500
	33,500	31,500

NOTE 6 – CASH AND CASH EQUIVALENTS		
Short term deposits	1,120,556	140,208
Cash at bank and on hand	6,994,126	555,541
	8,114,682	695,749

The effective interest rate on short term bank deposits at 30 June 2020 is 1.51% (30 June 2019: 1.98%). These deposits have an average maturity term of 180 days (30 June 2019: 143 days). The Group's exposure to interest rate risk is summarised at Note 25.

NOTE 7 – TRADE AND OTHER RECEIVABLES

	CONSOLIDATED GROUP	
	2020	2019
	$	$
Research and development tax receivable	238,859	102,421
Other receivables	85,872	43,616
	324,731	146,037

NOTE 8 – INVESTMENT IN CONTROLLED ENTITIES

		Percentage Owned	
		2020	2019
	Country of Incorporation	%	%
Parent Entity			
- Archer Materials Limited	Australia	-	-
Subsidiaries of Archer Materials 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 year ended 30 June 2019 the Company executed a legally binding agreement for sale of subsidiaries that hold the Leigh Creek Magnesia Project tenements. 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. The sale transaction completed subsequent to the end of the Reporting Period (Refer to Note 18).

	CONSOLIDATED GROUP	
	2020	2019
	$	$
NOTE 9 – PROPERTY, PLANT AND EQUIPMENT		
a) Plant and Equipment at cost	263,174	236,970
Accumulated depreciation	(203,611)	(177,791)
	59,563	59,179
Movements in carrying amounts:		
Balance at the beginning of the year	59,179	40,020
Additions	26,204	2,083
Disposals	-	-
Depreciation	(25,820)	(24,294)
Reclassification of assets previously held for sale	-	41,370
Balance at 30 June	59,563	59,179
b) Land at cost	-	1,028,453
Movements in carrying amounts:		
Balance at the beginning of the year	-	1,028,453
Additions	-	13,384
Transferred to assets held for sale [1]	-	(1,041,837)
Write-off of Campoona Land asset	-	-
Balance at 30 June	-	-
c) Buildings at cost	-	-
Accumulated depreciation	-	-
	-	-
Movements in carrying amounts:		
Balance at the beginning of the year	-	179,333
Depreciation	-	(4,000)
Transferred to assets held for sale [1]	-	(175,333)
Balance at 30 June	-	-
Total property, plant and equipment	**59,563**	**59,179**

[1] Refer to Note 11 for further information regarding the non-current assets held for sale in the prior year.

	CONSOLIDATED GROUP	
	2020	2019
	$	$
NOTE 10 – EXPLORATION AND EVALUATION EXPENDITURE		
Costs carried forward in respect of areas of interest in:	15,069,074	14,500,289
Exploration and evaluation at cost	15,069,074	14,500,289
Movements in carrying amounts:		
Balance at the beginning of the year	14,500,289	11,638,439
Amounts capitalised during the year	943,106	909,294
Impairment expense during the year	(350,609)	(82,159)
Transferred to assets held for sale	(23,712)	(34,471)
Reclassification of assets previously held for sale	-	2,069,186
Balance at 30 June	15,069,074	14,500,289

During the year $10,563 (2019: $10,562) of equipment depreciation was included in the amount capitalised as exploration and evaluation.

Impairment recognised for the year ended 30 June 2020 and 30 June 2019 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 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.

The Sugarloaf farm land is contained within Archer tenement EL 5920 and hosts the Sugarloaf carbon deposit and the proposed site of the Sugarloaf Graphite Processing Facility, which will be used to process the graphite from the nearby Campoona mining lease.

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, to process graphite from the nearby Campoona mining lease. The option to buy back part of the land can be exercised by Archer any time during the next 20 years. The Directors have estimated the fair value of this option to be $nil at 30 June 2020 as the Directors cannot reliably determine if this option will be exercised.

	2020	2019
	$	$
Land and buildings	-	1,217,170

Notes to the Financial Statements for the Year Ended 30 June 2020

	CONSOLIDATED GROUP	
	2020	2019
	$	$
NOTE 12 – TRADE AND OTHER PAYABLES		
Trade payables	124,484	170,253
Other creditors and accruals	83,507	63,132
	207,991	233,385
NOTE 13 – EMPLOYEE ENTITLEMENTS		
Current [1]	217,629	125,836
Non-current	41,970	22,475
Total	**259,599**	**148,311**

[1] Includes an amount of $134,906 (including 9.5% SGC), in aggregate, related to outstanding bonus amounts payable to staff of the Company for the performance year ended 30 June 2020 (30 June 2019: $42,325).

	CONSOLIDATED GROUP	
	2020	2019
	$	$
NOTE 14 – ISSUED CAPITAL		
224,354,823 (2019: 196,304,283) fully paid ordinary shares	32,485,250	23,873,093
a) Shares on issue:		
30 June 2020	**Number**	**$**
Issued and paid up capital		
Fully paid ordinary shares	224,354,823	32,485,250
Movements in fully paid shares		
Balance as at 1 July 2019	196,304,283	23,873,093
Shares issued - vested performance Rights (8 July 2019)	787,500	-
Shares issued - Share Purchase Plan (13 December 2019)	15,327,790	1,992,600
Shares issued - exercise of options (12 May 2020)	100,000	19,290
Shares issued exercise of options (18 May 2020)	830,000	160,107
Shares issued - exercise of options (26 June 2020)	400,000	77,160
Shares issued - Share Purchase Plan (30 June 2020)	10,605,250	6,363,000
Balance as at 30 June 2020	**224,354,823**	**32,485,250**

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	137,194,306	19,519,325
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**

b) Options on issue

All options on issue are unlisted options (Options). Details of the Options outstanding as at the end of the year are set out below:

Grant Date	Issue Date	Options	Expiry Date	Exercise Price	30 June 2020
30 Oct 2019[1]	12 Nov 2019	Directors & CEO	31 Mar 2023	$0.1929	11,170,000
12 Nov 2019	12 Nov 2019	Other Employees	31 Mar 2023	$0.1929	5,000,000
5 Feb 2019	7 Feb 2020	Consultant	31 Mar 2023	$0.245	2,000,000
					18,170,000

[1] In accordance with Australian Accounting Standard AASB 2, the deemed grant date for the Options issued to Directors and CEO was the date the Company received shareholder approval, being 30 October 2019. All Options issued to other employees have a grant date equal to the issue date, being 12 November 2019.

On 12 November 2019, 17,500,000 Options were issued to Directors and employees of Archer following shareholder approval at the Company's Annual General Meeting held on 30 October 2019 (2019 AGM). Options were granted at no cost to the recipients and vest immediately upon issue. During the reporting period 1,330,000 Options were exercised into fully paid ordinary shares.

On 7 February 2020, 2,000,000 Options were issued to a consultant who was assisting in the development of the Company's halloysite-kaolin projects, pursuant to the terms and conditions of a Services Agreement with the Company. The Options were issued for nil consideration and were subject to particular vesting conditions detailed in the Service Agreement. The Services Agreement expired on 30 June 2020, and the 2,000,000 Options were forfeited subsequent to year end in accordance with the terms that they were issued..

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

c) Performance Rights on issue

Details of the 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 2020
28 Oct 2016	2,700,000	31 Jul 2019	Nil	1,312,500	1,387,500	-
6 Jul 2018	450,000	31 Jul 2019	Nil	225,000	225,000	-
						-

During the reporting period 787,500 new shares were issued as a result of vesting and exercise of an equivalent number of Rights and 262,500 Rights lapsed unexercised.

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

d) Capital Management

The Group has no externally imposed capital requirements

	CONSOLIDATED GROUP	
	2020	2019
	$	$
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	(2,816,890)	(1,738,332)
	Number	Number
a) Weighted average number of shares outstanding during the year used in calculation of basic EPS	205,591,058	190,946,622

	CONSOLIDATED GROUP	
	2020	2019
	$	$
NOTE 16 – RESERVES		
Share based payment reserve	997,000	24,698
Acquisition reserve	240,000	240,000
	1,237,000	264,698

The share based payments reserve records items recognised as an expense on valuation of options or performance rights. The increase in this reserve from the prior year is associated with the issue of unlisted options during the reporting period. Refer Note 22 for further details regarding options issued during the reporting period.

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.

NOTE 17 – TENEMENT INTERESTS

Exploration Licences

The Company's tenement interests as at 30 June 2020 are as follows:

Location	Tenement	Commodity	2020 Carrying value $	2019 Carrying value $
South Australia				
Carappee Hill	EL 5920	Graphite	1,501,496	1,473,446
Wildhorse Plains	EL 5804	Graphite	9,048,515	8,945,620
Waddikee	EL 5815	Graphite/Kaolin	1,279,071	1,013,881
Cockabidnie	EL 5791	Graphite	38,358	36,752
North Cowell	EL 6363	Graphite	396,864	391,703
Carpie Puntha	EL 5870	Graphite	31,256	25,899
Blue Hills	EL 5794	Copper/Gold	613,254	604,023
Pine Creek	EL 6000	Copper/Gold	452,946	458,351
Altimeter	EL 6029	Copper/Gold	103,362	68,061
Napoleons Hat	EL 5769	Copper/Gold	136,888	134,876
North Burra	EL 6351	Base Metals	994,280	977,996
Whyte Yarcowie	EL 5935	Cobalt/Copper	23,788	22,371
Franklyn	EL 6160	Copper/Gold/Kaolin	305,324	18,937
Peterborough	EL 6287	Copper/Gold	18,483	10,348
Bendigo [1]	EL6354	Copper/Gold	17,551	7,985
Caralue Bluff [1]	EL 6478	Kaolin	10,166	-
			14,971,601	**14,190,249**
New South Wales				
North Broken Hill [2]	EL 8592	Cobalt/Copper	-	79,855
North Broken Hill [2]	EL 8593	Cobalt/Copper	-	118,447
North Broken Hill [2]	EL 8594	Cobalt/Copper	-	73,519
North Broken Hill [2]	EL 8595	Cobalt/Copper	-	13,951
North Broken Hill [2]	EL 8779	Cobalt/Copper	-	9,197
Crowie Creek [1]	EL 8871	Copper/Gold	24,837	
Stanthorpe [1]	EL 8894	Tungsten/Tin	7,693	-
			32,530	**294,969**
Western Australia				
Mt Keith	E53/1926	Nickel	64,944	15,072
			64,944	**15,072**
Total non-current exploration and evaluation expenditure			**15,069,074**	**14,500,289**

Tenements classified as assets of disposal group held for sale:				
South Australia				
Witchelina [3]	EL 6019	Magnesite	157,278	153,985
Termination Hill [3]	EL 5730	Magnesite	1,422,957	1,402,538
Exploration assets classified as assets of disposal group held for sale			**1,580,235**	**1,556,523**
TOTAL TENEMENT INTEREST CARRYING VALUE			**16,649,309**	**16,056,812**

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] The magnesite tenements consist the Leigh Creek Magnesia Project and were sold during the year ended 30 June 2019. The sale transaction completed subsequent to the end of the Reporting Period (Refer 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 – 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 (Project).

The 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, 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.

On 2 July 2018, the Company announced the sale of the Leigh Creek Magnesia Project.

On 14 August 2020, the Company announced the Completion of the sale of the Project. At Completion the Company received 6,535,775 shares ("Consideration Shares") in Canadian Stock Exchange listed Volatus Capital Corp. ("Volatus"). The Consideration Shares have a value of $2.64 million [+] and can be traded for the first time only after four months have elapsed from the date of distribution.

Archer has received $2.89[†] million for the Project, comprising:

- $250,000 cash already received; plus
- $2.0 million of Volatus shares at Completion; plus
- Bonus payment of $639,133 of Volatus shares at Completion.

Archer may be entitled to receive a further bonus payment should there be a future transaction with the other company that purchased the remainder of the Project.

+ Assumes Volatus share price of A$0.40, AUD:CDN exchange rate of $0.9584 and 6,535,775 Consideration Shares issued to Archer.

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

	2020	2019
	$	**$**
Impairment of exploration assets	-	-
Other expenses	(13,738)	(845)
Loss for year from discontinued operations before tax	**(13,738)**	**(845)**

Assets and Liabilities of Leigh Creek Magnesite Pty Ltd and CH Magnesite Pty Ltd are shown below:		
Statement of financial position		
Other current assets	1	136
Non-current exploration assets	1,580,235	1,556,523
Assets of the disposal group held for sale	**1,580,236**	**1,556,659**
Current trade payables	267	263
Liabilities included in disposal group held for sale	**267**	**263**
Cash flows generated by Leigh Creek Magnesite Pty Ltd and CH Magnesite Pty Ltd are shown below:		
Operating activities	(13,471)	(845)
Net cash used in discontinued operations	**(13,471)**	**(845)**

	CONSOLIDATED GROUP	
	2020	**2019**
	$	**$**
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 [1]	3,608,000	2,309,500

[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 2020.

Property commitments

The Company has no property commitments as at 30 June 2020 (30 June 2019: Nil)

(b) Contingent Assets/Liabilities

In November 2018 Archer announced the sale of its Sugarloaf farmland for $1.35 million. The transaction settled on 1 July 2019 with Archer receiving the $1.35 million sale proceeds in July 2019. The purchaser of the farm land has granted Archer an option to buy back approximately 30% of the Sugarloaf farm land, which may be required for the construction of the Sugarloaf Graphite Processing Facility ("Land Option"). The Land Option may be exercised by Archer any time during the next 20 years

The Group did not have any further contingent assets as at 30 June 2020.

The Group did not have any contingent liabilities as at 30 June 2020.

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. The Group operates in one segment being materials technology research and development and mineral exploration which are highly integrated.

NOTE 21 – CASH FLOW INFORMATION	**CONSOLIDATED GROUP**	
a) Reconciliation of cash flows from operations with Loss after Income Tax	**2020 $**	**2019 $**
Loss after income tax	(2,816,890)	(1,738,332)
Depreciation (net of capitalised depreciation)	15,257	17,730
Amortisation of intangibles	6,304	52,403
Write-down of inventory	-	76,800
Share based payment	997,000	89,066
Gain on sale of assets	(130,584)	-
Exploration expenditure expensed	3,173	33,287
Impairment of exploration assets	350,609	82,159
Changes in assets and liabilities:		
- Increase in trade and other receivables	(62,156)	(117,124)
- Increase / (Decrease) in trade and other payables	24,424	(77,693)
- Increase / (Decrease) in employee entitlements	111,288	(6,971)
Net cash used in operating activities	**(1,501,575)**	**(1,588,675)**

NOTE 22 – SHARE BASED PAYMENTS	CONSOLIDATED GROUP	
	2020	2019
	Number of Performance Rights	Number of Performance Rights
a) Performance Rights		
Balance at the beginning of the year	1,050,000	4,500,000
Granted during the year	-	450,000
Vested during the year	(787,500)	(3,750,000)
Forfeited during the year	(262,500)	(150,000)
Balance at the end of the year	**-**	**1,050,000**

No Performance Rights (Rights) were granted during the period.

On 8 July 2019, 787,500 new shares were issued as a result of the vesting of 75% of previously issued Rights that met the performance conditions for the performance period 1 July 2018 to 30 June 2019. The remaining 262,500 Rights (representing 25%) were forfeited.

No expense has been included in the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the year ended 30 June 2020 (30 June 2019: $9,066).

Additionally, an amount of $24,698, relating to previously recognised share based payments was transferred to retained losses. The transfer related to the fair value of prior period share based payments in respect of performance rights that have now either been exercised or forfeited.

	CONSOLIDATED GROUP	
	2020	2019
	Number of Unlisted Options	Number of Unlisted Options
b) Unlisted Options		
Balance at the beginning of the period	-	5,000,000
Granted during the period	19,500,000	-
Exercised during the period	(1,330,000)	-
Forfeited during the period	-	(5,000,000)
Balance at the end of the period	**18,170,000** [1]	**-**

[1] On 7 February 2020, 2,000,000 Options were issued to a consultant who was assisting in the development of the Company's halloysite-kaolin projects. The Options were issued for nil consideration and were subject to particular vesting conditions detailed in the services agreement between the company and the consultant (Service Agreement). The Services Agreement expired on 30 June 2020, and the 2,000,000 Options were forfeited subsequent to year end. No amount was recorded in the Statement of Profit or Loss and Other Comprehensive Income given the Options were o longer able to vest, according to the terms on which they were issued.

On 12 November 2019, 17,500,000 unlisted options to acquire fully paid ordinary shares in the Company (Options) were issued to Directors and employees of Archer following shareholder approval at the Company's Annual General Meeting held on 30 October 2019 (2019 AGM). Options were granted at no cost to the recipients and vest immediately upon issue.

Options were granted pursuant to the Company's Performance Rights and Share Option Plan, which was approved by shareholders at the 2019 AGM.

The details of the Options granted are as follows:

Recipient	Grant Date	Issue Date	No. of Options	Exercise Price	Expiry Date
KMP	30 Oct 2019[1]	12 Nov 2019	11,500,000	$0.1929	31 Mar 2023
Other Employees	12 Nov 2019	12 Nov 2019	6,000,000	$0.1929	31 Mar 2023

[1] In accordance with Australian Accounting Standard AASB 2, the deemed grant date for the Options issued to Directors and CEO was the date the Company received shareholder approval, being 30 October 2019. All Options issued to other employees have a grant date equal to the issue date, being 12 November 2019.

The fair value of the Options issued was calculated by using a Black-Scholes option pricing model and was estimated on the date of the grant using the following assumptions:

	Directors and CEO Options	Other Employees Options
Share price at date of grant ($)	0.135	0.125
Historic volatility (%)	77.2	75.7
Risk free interest rate (%)	0.78	0.84
Expected life of Options (days)	1235	1235

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the Options is based on the historical exercise patterns, which may not eventuate in the future.

As the options do not require the satisfaction of vesting conditions, these options vest immediately and an amount of $997,000 has been included in the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the year ended 30 June 2020 (30 June 2019: Nil)

Options outstanding at 30 June 2020 have a weighted average exercisable price of $0.1929 each and a weighted average remaining contractual life of 2.75 years.

Options exercised during the reporting period had a weighted average exercise price of $0.1929 each.

NOTE 23 – EVENTS AFTER REPORTING DATE

On 14 August 2020, the Company announced the Completion of the sale of the Leigh Creek Magnesia Project ("Project"). At Completion the Company received 6,535,775 shares ("Consideration Shares") in Canadian Stock Exchange listed Volatus Capital Corp. ("Volatus"). The Consideration Shares have a value of $2.64 million(1) and can be traded for the first time only after four months have elapsed from the date of distribution.

Archer has received $2.89† million for the Project, comprising:

- $250,000 cash already received; plus
- $2.0 million of Volatus shares at Completion; plus
- Bonus payment of $639,133 of Volatus shares at Completion.

Archer may be entitled to receive a further bonus payment should there be a future transaction with the other company that purchased the remainder of the Project.

† Assumes Volatus share price of A$0.40, AUD:CDN exchange rate of $0.9584 and 6,535,775 Consideration Shares issued to Archer.

On 18 September 2020, 300,000 share options (exercise price $0.1929 and expiry date of 31 March 2023) were exercised into shares.

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 $29,950 (2019: $26,453) 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.

b) Non-Cash Financing and Investing Activities

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

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	
	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	$	$	$	$	$	$
Financial Assets								
Cash at bank	0.25%	0.40%	6,994,126	555,541	-	-	6,994,126	555,541
Deposits	1.51%	1.98%	1,120,556	140,208	-	-	1,120,556	140,208
Receivables			-	-	324,731	146,037	324,731	146,037
Total Financial Assets			**8,114,682**	**695,749**	**324,731**	**146,037**	**8,439,413**	**841,786**
Financial liabilities								
Payables			-	-	(207,991)	(233,385)	(207,991)	(233,385)
Total Financial Liabilities			**-**	**-**	**(207,991)**	**(233,385)**	**(207,991)**	**(233,385)**
Total Net Financial Assets/ (Liabilities)			**8,114,682**	**695,749**	**116,740**	**(87,348)**	**8,231,421**	**608,401**

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 2020, 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	
	2020	2019
	$	$
Change in loss		
- Increase in interest rates by 2%	22,411	2,804
- Decrease in interest rates by 2%	(22,411)	(2,804)
Change in equity		
- Increase in interest rates by 2%	22,411	2,804
- Decrease in interest rates by 2%	(22,411)	(2,804)

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	
	2020	2019
	$	$
PARENT ENTITY		
ASSETS		
Current Assets	8,362,472	706,318
Non-current assets		
Loans to subsidiaries	-	-
Investments in subsidiaries	266,624	266,624
Other non-current assets	127,561	94,005
TOTAL ASSETS	**8,756,657**	**1,066,947**
LIABILITIES		
Current Liabilities	640,590	518,072
Non-current Liabilities	41,970	22,475
Loans from subsidiaries	25,269	25,269
TOTAL LIABILITIES	**707,829**	**565,816**
EQUITY		
Issued capital	32,485,250	23,873,093
Share based payment reserve	997,000	24,698
Acquisition reserve	240,000	240,000
Accumulated losses	(25,673,421)	(23,636,660)
TOTAL EQUITY	**8,048,829**	**501,131**
FINANCIAL PERFORMANCE		
Loss for the year	(2,036,761)	(2,485,357)
Other comprehensive income	-	-
TOTAL LOSS	**(2,036,761)**	**(2,485,357)**

Guarantees in relation to relation to the debts of subsidiaries

Archer Materials 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 assets, liabilities and commitments

The Company has no contingent assets, liabilities or commitments as at 30 June 2020 (30 June 2019: Nil).

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.

Directors Declaration

The Directors of the Company declare that:

1. the Financial Statements and Notes as set out on pages 45 to 76 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 2020 and of the performance for the year ended on that date of the 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 25th September 2020

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Independent Auditor's Report

To the Members of Archer Materials Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Archer Materials Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 2020 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.

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.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets - Notes 10	
At 30 June 2020 the carrying value of exploration and evaluation assets was $15,069,074. 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.

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 2020, 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.

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_2020.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 2020. In our opinion, the Remuneration Report of Archer Materials Limited, for the year ended 30 June 2020 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, 25 September 2020

Additional Information

ADDITIONAL INFORMATION

Compiled as at 14 September 2020

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	473	-	-
1,001 - 5,000	1,961	-	-
5,001 - 10,000	1,141	-	-
10,001 - 100,000	2,030	-	-
100,001 and over	365	8	-
Total	**5,970**	**8**	-

Unmarketable Parcels	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.65 per share	770 shares	232	44,543

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.

TWENTY LARGEST HOLDERS OF EACH CLASS OF QUOTED EQUITY SECURITY

Ordinary Shares

Rank	Name	Shares	% Issued capital
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	9,865,089	4.40
2	GDE EXPLORATION (SA) PTY LTD <DRAGON MINING INVESTMENT A/C>	7,534,798	3.36
3	CITICORP NOMINEES PTY LIMITED	5,095,210	2.27
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,890,063	2.18
5	MR ROGER EDWARD KOCH	3,030,000	1.35
6	INVERTON PTY LTD <ALICE MCCLEARY SUPER A/C>	2,700,761	1.20
7	DR MOHAMMAD CHOUCAIR	2,600,000	1.16
8	MR FORBES VALE SPRAWSON + MRS MARGARET MARY SPRAWSON	2,533,270	1.13
9	MR BASIL CATSIPORDAS	2,000,000	0.89
10	MRS DEBORAH ANNETTE ROSSITER	1,883,679	0.84
11	KOOYAP PTY LTD <YAP & FOO S/F A/C>	1,880,770	0.84
12	MR ALISTAIR CHARLES JACKSON	1,547,347	0.69
13	GDE EXPLORATION (SA) PTY LTD <A1 ENGLISH FAMILY A/C>	1,462,820	0.65
14	MR STEPHEN MAHNKEN + MS DIOR MAHNKEN <THREE FISH A/C>	1,428,571	0.64
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,247,909	0.56
16	MR JARROD DRISCOLL <DRISCOLL BROTHERS S/F A/C>	1,132,957	0.50
17	MR STUART JAMES MACKAY	1,120,000	0.50
18	GERARD ANDERSON SUPER PTY LTD <GERARD ANDERSON SF A/C>	1,078,041	0.48
19	CLOCKWELL PTY LTD <CLOCKWELL A/C>	1,060,000	0.47
20	BENNELONG RESOURCES PTY LIMITED <JOHN EGAN SUPER FUND A/C>	1,000,000	0.45
20	MR GEOFFREY DONALD ARCHER + MRS MARY ANNE ARCHER <THE ARCHER SUPER FUND A/C>	1,000,000	0.45
20	MR DUNCAN GERARD GOWANS + MRS JODIE LOUISE GOWANS <GOWANS SUPERFUND A/C>	1,000,000	0.45
20	INVIA CUSTODIAN PTY LIMITED <HAINS SUPER FUND A/C>	1,000,000	0.45
20	RJ & KE SUPER FUND PTY LTD <RJ & KE SUPER FUND A/C>	1,000,000	0.45
Total		**59,091,285**	**26.34**

Corporate Governance Statement
For the Year Ended 30 June 2020

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

ARCHER

Annual Report

2020