

ASX Announcement (**ASX:AXE**)

27 April 2017

Cobalt and manganese drilling commences at Ketchowla

Highlights

- Cobalt and manganese focussed drilling has commenced at Ketchowla.
- Drill program aims to test depth and lateral extent of outcropping cobalt and manganese mineralisation at K1 and K2.
- First assay results expected mid-May.

Archer Exploration Limited (Archer or Company) is pleased to announce that cobalt and manganese focussed drilling has commenced at the Company's 100% owned Ketchowla Cobalt Manganese Project, located approximately 45km north of Burra, South Australia. The reverse circulation (RC) program will target extensions to the K1 and K2 structures.

Previous exploration by Archer had identified extensive outcropping cobalt and manganese throughout parts of the Ketchowla project area (K1 to K9 structures). This first drill program will only target the K1 and K2 structures where Archer has previously discovered high grade cobalt and manganese mineralisation.

Cobalt mineralisation at Ketchowla outcrops at surface and this drill program is designed to:

- Extend the manganese and cobalt mineralisation below, and to the north of, the Ketchowla Mine (K1).
- Identify the extent of the cobalt and manganese mineralisation at K2.

Drilling is expected to take 2 – 3 weeks with first assay results and geological interpretations expected in mid-May. Archer looks forward to updating shareholders as results are received.

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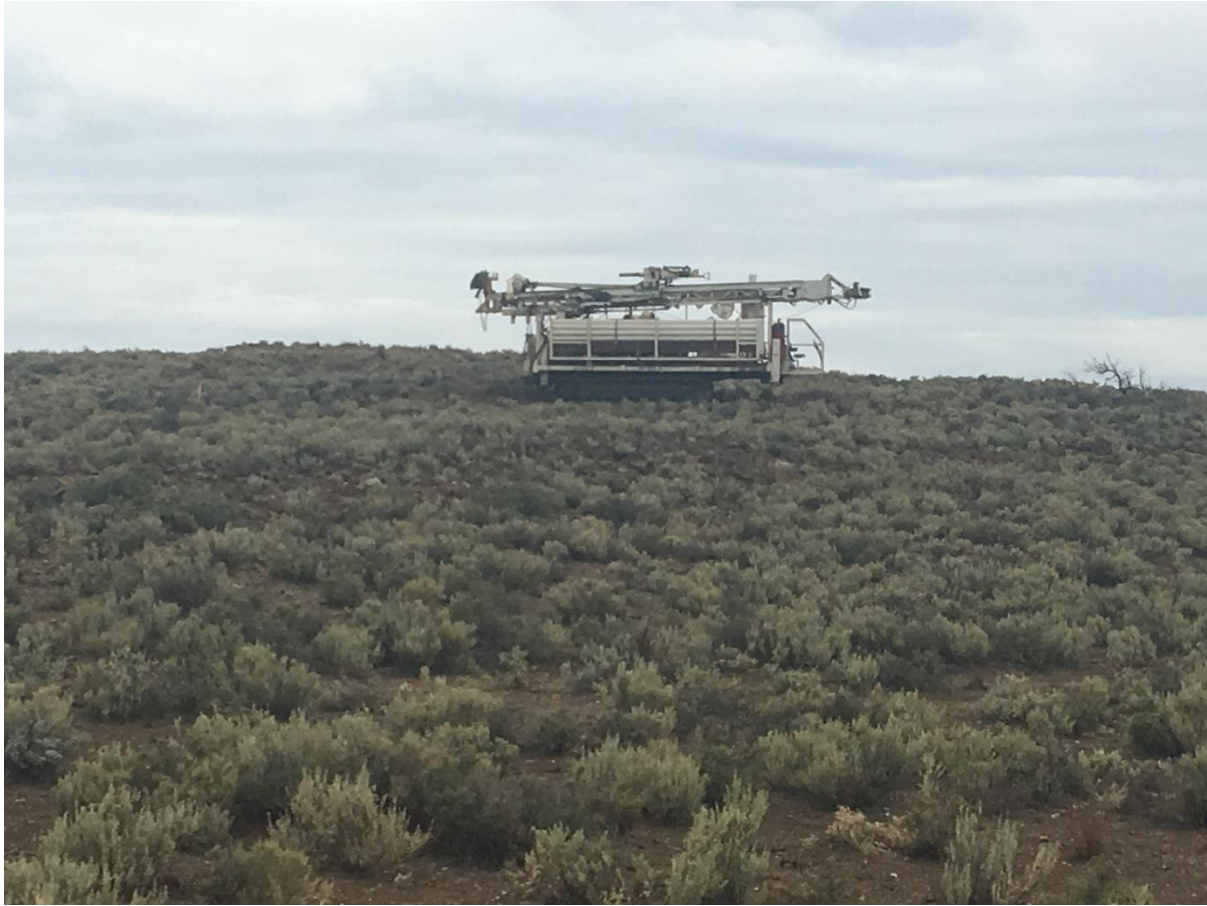


Figure 1: Drill rig on site at K2 Prospect.

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Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Wade Bollenhagen, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Archer Exploration Limited. Mr Bollenhagen has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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”. Mr. Bollenhagen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Ketchowla Project

The Ketchowla Cobalt Manganese Project comprises the K1 – K9 Prospects with the current drilling focussed on drilling at K1 and K2 (Figure 2).

As previously announced, historic drilling and other exploration by Archer at Ketchowla has identified high grade cobalt and manganese mineralisation. Archer has previously reported grades up to 0.64% cobalt in rock chips (ASX announcement 17 March 2017) and > 0.1% cobalt in shallow drill holes (ASX announcement 17 January 2017).

K1 is centred around a small historic manganese open pit mine (**Ketchowla Mine**) and located on the eastern limb of the main fold structure. K1 is part of a large-scale cobalt and manganese mineralised system which Archer has mapped and sampled over a 5km strike length.

The K2 Prospect is offset 6km to the east of K1. K2 is on the eastern limb of a shallow dipping syncline with discontinuous manganese outcrops mapped by Archer over 1.3km. Previous drilling by Archer at K2 intersected cobalt and manganese mineralisation within 1 – 5 metres of surface.

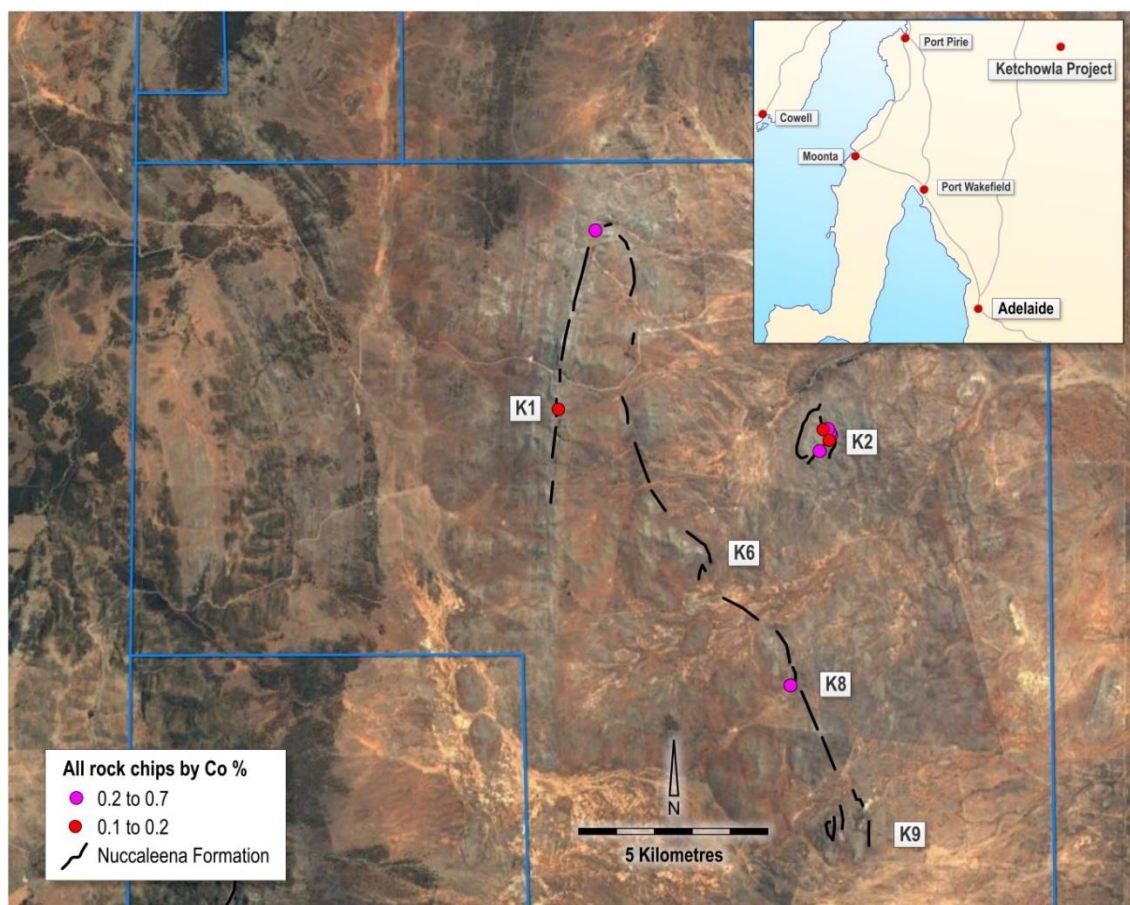


Figure 2: Location of prospects at Ketchowla Project with recent significant Co rock chips samples

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