

The logo for Archer Exploration Limited, featuring the word "ARCHER" in a bold, white, sans-serif font centered within a solid black rectangular background.

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SUMMARY OF ARCHER EXPLORATION LIMITED CORPORATE GOVERNANCE MANUAL

Archer Exploration adopted its Corporate Governance Manual on 29 June 2007. The document needs to be read in conjunction with the ASX's Capital Principles of Good Corporate Governance and Best Practice Recommendations. That document sets out recommended best practice for Australian publicly-listed companies and a copy of the ASX document is included with the Archer Exploration Manual.

Archer Exploration has adopted a policy which supports the principles of effective corporate governance and is committed to the highest standards of performance and accountability, taking into account the size of the company and its available resources.

The following statement outlines the principal governance practices which the Company has currently adopted.

BOARD OF DIRECTORS

The Board of Directors is responsible for the overall corporate governance of the Company, including providing strategic direction, establishment of effective management processes, monitoring its own performance and the achievement of these goals.

The Board supports the principle of having a majority of non-executive and independent Directors. At present, all Directors are non-executive Directors. The Chairman is elected by the Board. The policy of the Board is to regularly review its performance and composition to ensure it maintains an appropriate balance of experience and skills to match the size, scope and nature of its activities. When a vacancy arises, for whatever reason, or where it is considered the Board would benefit from the appointment of a Director with particular skills and experience, the policy will be to select potential candidates. That candidate most suitable to the position is then appointed, subject to election at the next general meeting of Shareholders.

Directors are appointed by rotation for three (3) years after which they will seek re-election from Shareholders at a general meeting.

The Board will meet on a monthly basis. Where necessary, special or strategy meetings will be held at such other times as may be required to address specific significant matters that may arise.

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Remuneration

At this early stage of Archer Exploration's development, the Board, as a whole, acts as the Remuneration Committee in reviewing executive and non-executive Directors remuneration. The remuneration of management and employees is also reviewed by the Board and approved by the Chairman.

Remuneration levels are determined by the Board, and will reflect the demands that are made on, and the risks and responsibilities of each individual Director. The Board believes that individual salary negotiation is more important than formal remuneration policies. Where necessary, external advice and market comparisons will be sought.

Independent Professional Advice

In accordance with their duties and responsibilities, Board members may seek independent professional advice, at the Company's expense, provided that the Chairman has approved the expenditure. Such permission shall not be unreasonably withheld.

Committees

The Company does not have any formally constituted committees of the Board of Directors. It is not of a size, nor are its affairs of such complexity, to justify formation of separate or special committees. The Board as a whole addresses the governance aspects of the full scope of the Company's activities to ensure that it adheres to appropriate ethical standards. All matters which might properly be dealt with by special committees are subject to regular scrutiny at full Board meetings.

The Board intends to instigate internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations.

SHARE TRADING

The Company has a Securities Trading Policy which prohibits trading in its securities by Directors, and employees and their close associates during defined periods related to the date of an announcement to the ASX. This policy is intended to ensure that Directors and employees and their close associates do not make improper use of "price-sensitive information", gained through their position in the company, that could affect the Company's Share price and which is not available to the investing public.

SHAREHOLDERS

The Company is obliged to comply with the continuous disclosure requirements of the ASX in keeping all Shareholders informed of major developments affecting the Company. These disclosures will be posted onto the Company's website, and via the distribution of specific releases covering major transactions or events. Shareholders are encouraged to exercise their right to vote, either by attending Shareholder meetings, or by lodging a proxy. The Company's external auditors and legal advisors attend all Shareholder meetings.

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CONTINUOUS DISCLOSURE

The Board of Directors is acutely aware of the continuous disclosure regime and the Company has a Continuous Disclosure Policy to address all necessary disclosure issues and adequate corporate compliance.

The Policy, and accompanying procedures, covers the continuous disclosure requirements of the ASX and ASIC in accordance with the Corporations Act. It also includes the Company's procedures on information disclosure to external parties including stockbrokers, analysts, the media, and importantly, its Shareholders.

BUSINESS RISK

Although the Company does not have formalised policies on risk management, the Board is aware of its responsibility for identifying areas of significant business risk and for ensuring arrangements are in place to adequately manage these risks. This issue is to be regularly reviewed at Board meetings and a risk management culture will be encouraged amongst employees and contractors.

Determined areas of risk which will be regularly considered include:

- performance and funding of exploration activities
- budget control and asset protection
- internal compliance and control systems
- status of mineral tenements
- land access and native title considerations
- compliance with government laws and regulations
- safety and the environment
- continuous disclosure obligations

EXTERNAL AUDITORS

The Company uses the services of a major audit firm, Grant Thornton. Auditors will attend all Shareholder meetings and have access to the Directors at all times.

CODE OF CONDUCT

The Company actively promotes ethical and responsible decision-making. The Corporate Code of Conduct articulates the practices that all Directors and employees are expected to observe, in order to maintain the highest ethical standards and act with the utmost integrity and objectivity in their dealings with other parties. The Company adopted a Code of Conduct and Ethics on 29 June 2007. This manual details required ethical standards for all employees as well as promotion of awareness of environmental standards and management.

ASX

Principles of Good Corporate Governance

In March 2003 the ASX Corporate Governance Council published "Principles of Good Corporate Governance and Best Practice Recommendations" for the guidance of ASX listed companies. It requires listed companies to disclose in their Annual Reports the extent to which they have followed the

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recommendations of the ten basic principles, to identify any which have not been adopted and to disclose the reasons for such departure.

Accordingly the Company has listed below departures from the recommendations and the reasons for such departures. It is envisaged that further recommendations will be adopted as the Company grows.

	Best Practice Recommendation	Notification of Departure	Explanation of Departure
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management	There is presently no formalization of functions reserved to the Board and delegated management	This recommendation will be reviewed as the Board and management structure grows but due to the size of the company this formality is inappropriate
2.4	The Board should establish a nomination committee.	The Company does not have a nomination committee.	The size and scope of the Company's activities does not justify the establishment of such a committee. The role of the nomination committee is assumed by the full Board.
4.2, 4.3, 4.4, 4.5	The Board should establish an audit committee	The Company does not have an audit committee.	The role of the audit committee is assumed by the full Board. The size and scope of the Company's activities does not justify establishment of such a committee. The entire Board closely monitors the Company's financial performance, ensures that accurate and timely reporting systems are established, and conducts a review with the auditors.
7.1	The Board or appropriate board committee should establish policies on risk oversight and management	The Company does not have a formal risk management policy.	Business risk is continually assessed by the Board and management including addressing the key items listed in this Corporate Governance Statement.
9.2, 9.5	The Board should establish a remuneration committee	The Company does not have a remuneration committee.	The size and scope of the Company's activities does not justify the establishment of such a committee. The role of the remuneration committee is assumed by the full Board. No Director participates in any deliberation regarding his own remuneration or related issues.