

2 October 2008

IRON RESULTS FOR CARAPPEE HILL DRILLING

HIGHLIGHTS

- Discovery of Magnetite within emerging iron ore province.
- Davis Tube Recovery tests confirm magnetite units have ability to produce an iron rich concentrate of up to 68.3% iron.
- Carappee Hill magnetite host rocks intercepted during drilling are similar to those at the OneSteel Project Magnet at nearby Whyalla.

INTRODUCTION

Final results for initial drilling at Carappee Hill have been reported by ALS laboratories this week.

The main objective of the initial program was to confirm the extent of the known manganese mineralisation and understand the magnetite potential, identified by the Company, of the tenement. Carappee Hill is located in the Eyre Peninsula region of South Australia which is host to the Whyalla hematite and magnetite reserves and home to other significant magnetite and hematite discoveries.

The Company was unable to fully test the magnetite potential due to limitations of the drill rig selected, the Company is confident that follow up drilling will only enhance the iron potential of this tenement. This release discusses the results for the initial iron exploration at Carappee Hill.

IRON ORE

From the magnetics flown by Archer, a number of targets were readily identifiable. Only one magnetic signature was tested at the time due to the limits of the drilling equipment and access. This signature was tested to see if magnetite was able to be recovered at a sufficient percentage to determine the economic viability of continued exploration for magnetite ore. The results from DTR (Davis Tube Recovery) analyses are encouraging; the results from drill holes CHRC001 and CHRC003 are presented below:

CHRC001	From metres	To metres	Interval	Recovery	Head Grades			Concentrate Grades		
			metres	%	Fe	SiO ₂	Al ₂ O ₃	Fe	SiO ₂	Al ₂ O ₃
Magnetite Silica	82	111	29	15.5	24.2	51.9	3	67.5	9.4	1.2
Amphibolite	111	114	3	6.9	18.6	52.1	5	67.9	9.3	1.2
Magnetite Silica	114	127	13	25.7	29.6	47.3	2.1	68.3	8.5	1.2

Table 1. The results of the DTR analyses for CHRC001.

All samples submitted were ground to 38 microns, after which the DTR analyses were performed.

Refer to following figure 1, which shows the locations of holes CHRC001 through to CHRC006 at the top (north) of the image. A cross section of these holes is then presented in figure 2 at the end of this release.

CHRC001 was the only hole to intercept the unaltered magnetic unit, with 46 single metres of samples taken through the magnetic material from 82m down hole to the end of the hole at 127m. The hole **was stopped in mineralisation** at 127 metres due to the limitations of the drill rig, however it was sufficient to determine that the magnetic units at Jamieson Tank have potential to provide an economic iron concentrate.

CHRC003 did intercept a magnetic unit that has experienced deformation, creating what is called at OneSteel's Project Magnet, magnetite schist. The magnetite schist intercepted in CHRC003 does not report a concentrate recovery higher than 11%, however iron grades for the concentrate report above detection limits of 75% Fe, see table 2 below. From interpretation it also appears that the unit was clipped on the western edge and has not been fully tested.

CHRC003	From metres	To metres	Interval	Recovery	Head Grades			Concentrate Grades		
			metres	%	Fe	SiO ₂	Al ₂ O ₃	Fe	SiO ₂	Al ₂ O ₃
Magnetite Schist	42	45	3	11.1	27.2	52.3	4.3	>75	1.08	0.7
Magnetite Schist	53	57	4	11.8	26.2	55.9	3.5	74.5	2.70	0.71
Magnetite Schist	95	136	41	5.4	18.7	55.4	6.7	68.0	8.99	0.8

Table 2. Results from DTR analyses of CHRC003

To date the DTR results are preliminary, as loss on ignition (LOI) results have not yet been returned. Further work will be necessary to determine appropriate grind times and screen sizes that result in a more economic product.

CHRC005 did not get to planned depth to intercept the second magnetic unit, thus no samples were taken. The hole did however intercept carbonate rich rocks with elevated magnetic readings, which gives Archer encouragement that a magnetite carbonate unit may exist within the complex stratigraphy of the underlying magnetic rocks.



Figure 1: Location of RC drill holes drilled at Jamieson Tank. Yellow indicators are holes drilled by Archer, black indicators are historical drill holes drilled by WMC. Blue shaded areas represent the high magnetic units

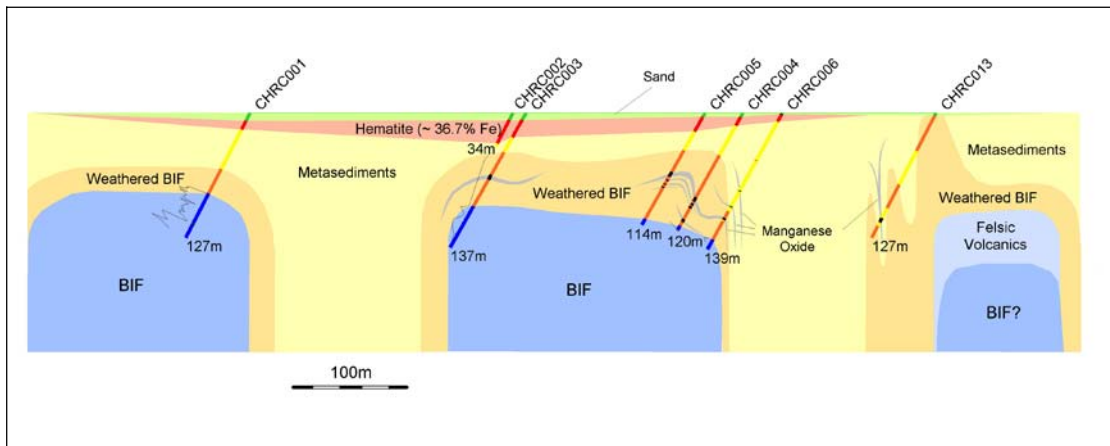


Figure 2. Cross section of holes drilled for iron. DTR recoveries appear as histograms on drill hole traces.

For further information please contact:

Mr Greg English
 Executive Chairman
 Archer Exploration Limited
 Tel: (08) 8332 5033

The exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr. Wade Bollenbagen, Exploration Manager of Archer Exploration Limited. Mr. Bollenbagen is a Member of the Australasian Institute of Mining and Metallurgy who has more than fourteen years experience in the field of activity being reported. Mr. Bollenbagen consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

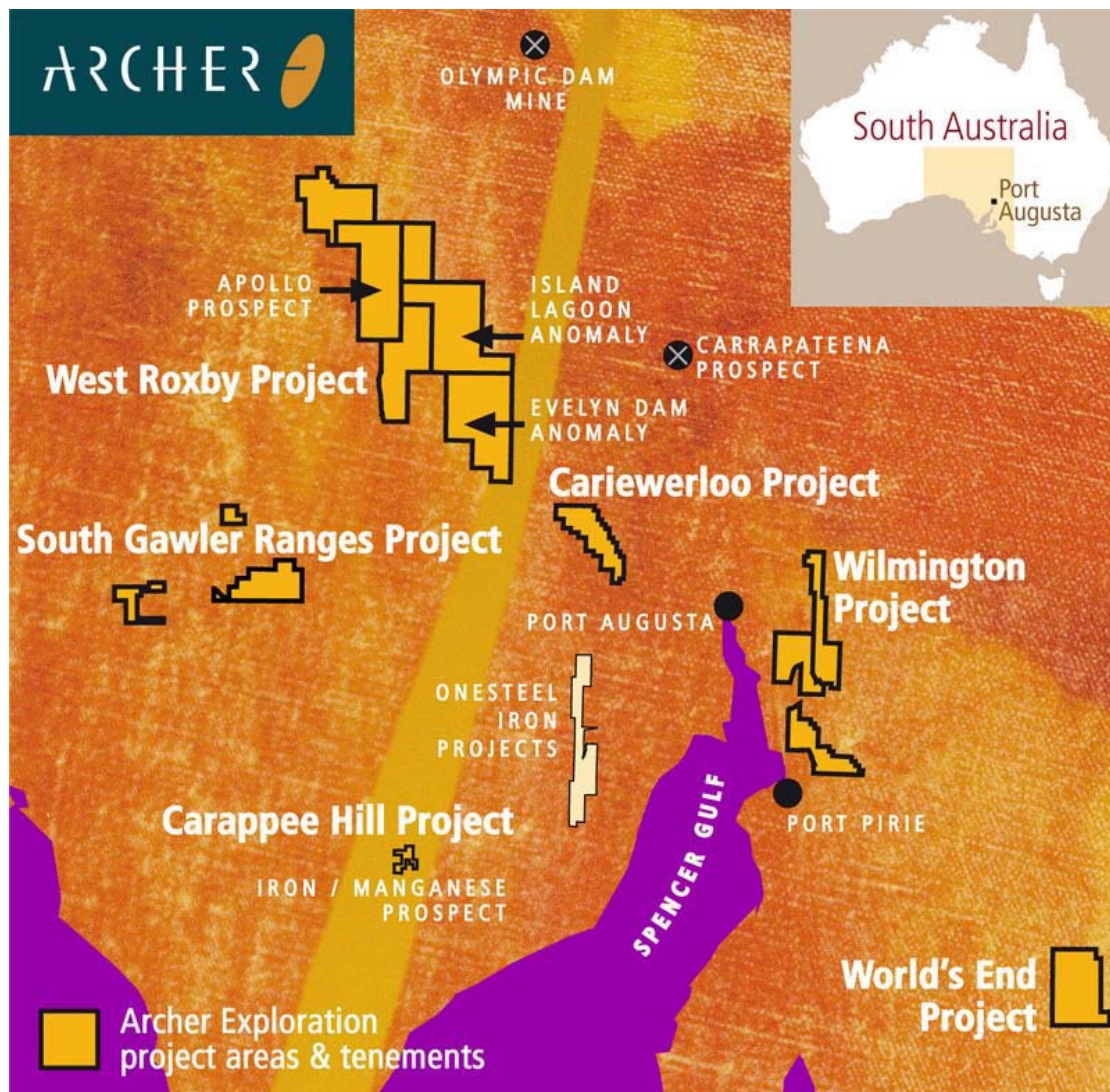
ABOUT ARCHER EXPLORATION

Archer Exploration Limited is a iron ore, manganese, copper and phosphate explorer focused on the discovery of world-class deposits. The Company has carefully acquired a portfolio of wholly-owned projects in the highly prospective Gawler Craton region of South Australia.

The Company's Carapee Hill Project on South Australia's Eyre Peninsula contains iron ore grades of up to 57% and manganese grades of up to 53.8%. The Company is undertaking further exploration at Carapee Hill and is assessing a range of options for the further development of this exciting project.

The Company is also well advanced on the exploration of its Olympic Dam style iron oxide-copper-gold-uranium (IOCG-U) deposit. The Evelyn Dam anomaly has early geophysical characteristics similar to those of Olympic Dam and the recent Carrapateena discovery.

The World's End Project area covers the historic Fairview Phosphate Mine which was last mined in 1903 when it yielded 100 t of hand-picked phosphate ore grading 25% P₂O₅.



Archer's project areas and tenements, covering prospective iron, manganese, copper and phosphate tenements in the Gawler Craton region of South Australia.