

29 October 2008

ASX RELEASE

CHAIRMAN'S ADDRESS TO AGM

Ladies and gentlemen, I am pleased to report that during the past 12 months Archer Exploration has made considerable progress towards its objective of the discovery of world class deposits on the Stuart Shelf of the Gawler Craton.

In July 2007 the Company successfully raised \$7.0 million by way of a heavily over-subscribed IPO and was admitted to the ASX on 14 August 2007. Since listing on ASX the Company has achieved a series of significant milestones including: the recruitment of key personnel; the issue of bonus options to shareholders; and the development of the West Roxby and Carapee Hill Projects.

With our expanded asset base comprising more than 7,000 km² of prospective tenements, one of our first objectives was to carry out a strategic review of our exploration portfolio in order to prioritise our projects. As a result, we established two key operating fronts – search for large IOCGU targets at West Roxby and iron and manganese exploration at Carapee Hill on the central Eyre Peninsula.

We also quickly identified the Wilmington and Burra Projects as near-term exploration opportunities with company-making potential.

On the day of Listing the Company commenced a comprehensive gravity acquisition program over the West Roxby Project area which identified the new Apollo Prospect and confirmed the prospectivity of the Evelyn Dam and Island Lagoon Prospects. By the end of the reporting year, the Company had also flown extensive combined aeromagnetic and radiometric surveys over four tenements, commenced the Company's maiden drilling program at Carapee Hill which resulted in the discovery of a significant magnetite deposit at Jamieson Tank and gold and copper at Bender and acquired an additional 1,650 km² of new tenements.

At Jamieson Tank, the Company initiated exploration activities with scoping reviews and independent geological assessments of the known manganese and iron mineralisation within our Carapee Hill tenement. This review highlighted exploration targets which were drilled and all of which remain open at depth and have only undergone limited drilling by other explorers.

While our focus remains on progressing our more advanced project opportunities, we are also excited by the opportunity to undertake exploration on other prospective target areas at Wilmington and at the Burra Project, which is located in the same region as major copper

discoveries such as the Monster Mine at Burra. Each of these areas has the potential to yield a significant discovery for the Company.

Whilst we are mindful of the need to focus our efforts on our existing suite of Projects, the Company is also continuing to look for opportunities to add shareholder value through the acquisition of projects, or through other forms of investment in projects.

FINANCIAL

At the close of the IPO in August 2007, the Company had successfully raised \$7.0M and had 64.4M shares on issue. From Listing until 30 June 2008, the Company spent approximately \$900k on exploration which is slightly below our Prospectus forecast of \$1.2M. As at 30 June 2008 the Company had \$6.383M cash in bank and this significant cash holding gives the Company the ability to advantage of any opportunities presented to the Company.

The last year was challenging for all exploration companies thanks largely to the effects of the global credit crises, the decline in metal prices and a sharp decline in Australian and world share markets. Consequently, despite the excellent exploration achievements of the Company and the issue of bonus options to shareholders, the Company's share price declined during the year.

In meeting the current challenges we have been able to draw on the diversity and breadth of our people, combined with robust and evolving systems and processes. This depth of talent, combined with the ability to easily fund all of our work programs and 100% ownership of all of the Company's tenements gives us a significant competitive edge and the ability to weather the storm.

CORPORATE DEVELOPMENTS

During the year, the Board was expanded and restructured with the appointment of senior Australian mining executive, Mr. Gerard Anderson, as a Non-Executive Director in July 2008 and my own appointment as Executive Chairman also in July, taking over from Mr. Tom Phillips AM.

My appointment as Executive Chairman effectively completed a board restructure overseen by Mr. Phillips which was designed to expand the Board's skills base and position the Company for growth. Tom Phillips AM, together with Non-Executive Director Alice McCleary, remain on the Archer Board as valuable contributors to the Company's strategic direction.

We also relocated to a new modern office headquarters at Rose Park in July 2008 and we now have a good quality and highly motivated team in place.



ACKNOWLEDGMENTS

I would also like to thank all those who have made this a successful year for Archer. This includes our shareholders for their initial support with the Listing and their ongoing support since. In addition, thanks to the operating team at Archer for their efforts during the year. The successful maiden drill program provides a sound platform to build on with further exploration success in 2008/09.

In closing, we are excited about the potential of the Carapee Hill and West Roxby Projects and of our other tenements and believe that we will continue to grow and evolve. I am confident that with a clearly defined strategy for advancing key projects and a high-quality team of people in place to drive its growth, that Archer is set for a particularly active and rewarding period over the next 12 months.



Greg English
Executive Chairman
Archer Exploration Limited