



# **FINANCIAL REPORT**

**HALF-YEAR ENDED  
31 DECEMBER 2008  
ABN 64 123 993 233**

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## ARCHER EXPLORATION LIMITED

### DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated group for the half-year ended 31 December 2008.

#### Directors

The names of each person who has been a Director during this period and to the date of this report are:

- Gregory David English
- Thomas Robin Phillips AM
- Alice McCleary
- Gerard Anderson (appointed 14 July 2008)

#### Company Secretary

- Craig Gooden

#### Review of Operations

During the half-year ended 31 December 2008 the consolidated entity incurred a loss of \$221,180 (2007: loss \$298,598).

The following summary lists the operational activities for the half-year ended 31 December 2008.

Activities during the six months ending 31 December 2008 focused on exploration of the Company's West Roxby and Carapee Hill Projects, located in South Australia.

The Company finished its maiden drill program at Carapee Hill in July 2008. The drill program identified manganese, iron, gold and copper mineralisation. Follow-up rock chip and soil sampling resulted in the identification of a large gold anomaly (known as the Bender Prospect) extending 2km along strike.

At West Roxby the Company completed a high definition magnetic survey and combined this data with the previously acquired gravity data to better define drill targets.

#### Auditor's Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4 for the half-year ended 31 December 2008.

This report is signed in accordance with a resolution of the Board of Directors.



**Greg English**  
**Chairman**  
**Archer Exploration Limited**

Dated this 13<sup>th</sup> day of February 2009.

## AUDITOR'S INDEPENDENCE DECLARATION



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### **AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ARCHER EXPLORATION LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Archer Exploration Limited for the half-year ended 31 December 2008, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON  
South Australian Partnership  
Chartered Accountants

A handwritten signature in blue ink, appearing to read "J L Humphrey".

J L Humphrey  
Partner

Signed at Wayville on this 13<sup>th</sup> day of February 2009

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**ARCHER EXPLORATION LIMITED & CONTROLLED ENTITIES**  
**ABN: 64 123 993 233**  
**INCOME STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	NOTE	CONSOLIDATED GROUP	
		31 Dec	31 Dec
		2008	2007
		\$	\$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
Interest received from other parties		200,660	214,460
Serviced office revenues		5,077	-
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Depreciation and amortisation expense		(11,936)	(114)
Employee benefits expense		(214,236)	(66,802)
ASX listing and share registry expense		(38,081)	(74,145)
Consulting expense		(20,063)	(927)
Other corporate expenses from ordinary activities		(142,601)	(75,144)
<b>LOSS BEFORE INCOME TAX EXPENSE</b>		<b>(221,180)</b>	<b>(2,672)</b>
Income tax expense	2	-	(295,926)
<b>LOSS FOR THE PERIOD</b>		<b>(221,180)</b>	<b>(298,598)</b>
<b>LOSS ATTRIBUTED TO MEMBERS OF THE PARENT ENTITY</b>		<b>(221,180)</b>	<b>(298,598)</b>
		Cents	Cents
<b>Basic loss per share</b>		0.3	0.5

The accompanying notes form part of the financial statements.

**ARCHER EXPLORATION LIMITED & CONTROLLED ENTITIES**

**ABN: 64 123 993 233**

**BALANCE SHEET**

**AS AT DECEMBER 2008**

	NOTE	CONSOLIDATED ENTITY	
		31 Dec 2008	30 June 2008
<b>ASSETS</b>		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		5,465,307	6,383,117
Trade and other receivables		38,585	36,087
Total current assets		5,503,892	6,419,204
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		102,521	98,474
Exploration and evaluation expenditure		4,644,230	4,198,503
Total non-current assets		4,746,751	4,296,977
<b>TOTAL ASSETS</b>		10,250,643	10,716,181
<b>CURRENT LIABILITIES</b>			
Trade and other payables		77,313	372,764
Borrowing		18,391	-
Short -term provisions		10,157	8,899
Total current liabilities		105,861	381,663
<b>NON CURRENT LIABILITIES</b>			
Financial liabilities		28,194	-
Total non-current liabilities		28,194	-
<b>TOTAL LIABILITIES</b>		134,055	381,663
<b>NET ASSETS</b>		<b>10,116,588</b>	<b>10,334,518</b>
<b>EQUITY</b>			
Issued capital	3	10,697,200	10,697,200
Reserve		3,250	-
Retained earnings		(583,862)	(362,682)
<b>TOTAL EQUITY</b>		<b>10,116,588</b>	<b>10,334,518</b>

The accompanying notes form part of the financial statements.

**ARCHER EXPLORATION LIMITED & CONTROLLED ENTITIES**

**ABN: 64 123 993 233**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>Issued Capital</b>	<b>Retained Earnings</b>	<b>Share Option Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>BALANCE AT 1 JULY 2007</b>	704,000	(33,153)	-	670,847
Shares issued during the period	10,683,695	-	-	10,683,695
Transaction costs (net of tax)	(690,495)	-	-	(690,495)
Loss attributed to the members of parent entity	-	(298,598)	-	(298,598)
<b>BALANCE AT 31 DECEMBER 2007</b>	<b>10,697,200</b>	<b>(331,751)</b>	-	<b>10,365,449</b>
<b>BALANCE AT 1 JULY 2008</b>	10,697,200	(362,682)	-	10,334,518
Share based payments	-	-	3,250	3,250
Loss attributed to the members of parent entity	-	(221,180)	-	(221,180)
<b>BALANCE AT 31 DECEMBER 2008</b>	<b>10,697,200</b>	<b>(583,862)</b>	<b>3,250</b>	<b>10,116,588</b>

The accompanying notes form part of the financial statements.

**ARCHER EXPLORATION LIMITED & CONTROLLED ENTITIES**

**ABN: 64 123 993 233**

**CASH FLOW STATEMENT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	CONSOLIDATED GROUP	
		31 Dec 2008	31 Dec 2007
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		\$	\$
Receipts from customers		1,686	-
Payments to suppliers and employees		(434,555)	(254,442)
Interest received		200,660	214,460
Finance cost		(2,185)	-
<b>NET CASH PROVIDED USED IN OPERATING ACTIVITIES</b>		<b>(234,394)</b>	<b>(39,982)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration expenditure		(687,261)	(509,274)
Payment for plant and equipment		(42,740)	(4,500)
<b>NET CASH PROVIDED USED IN INVESTING ACTIVITIES</b>		<b>(730,001)</b>	<b>(513,774)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the Issue of ordinary shares		-	7,000,000
Payments for transaction cost associated with capital raisings		-	(470,900)
Borrowings		53,000	-
Repayment of borrowings		(6,415)	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>46,585</b>	<b>6,529,100</b>
Net (decrease)/increase in cash held		(917,810)	5,975,344
Cash at beginning of period		6,383,117	564,104
<b>CASH AT 31 DECEMBER 2008</b>		<b>5,465,307</b>	<b>6,539,448</b>

The accompanying notes form part of the financial statements.

**ARCHER EXPLORATION LIMITED & CONTROLLED ENTITIES**

**ABN: 64 123 993 233**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

**NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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**NOTE 1: BASIS OF PREPARATION**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Archer Exploration Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2008 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

**REPORTING BASIS AND CONVENTIONS**

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**NOTE 2 - INCOME TAX**

There was no income tax expense for the half-year ended 31 December 2008. In accordance with AASB 112 - Income Tax, the consolidated entity wrote off the deferred tax asset of \$295,926 at 31 December 2007 resulting from capital raising costs incurred during the half-year ended 31 December 2007. It was the Directors opinion that the deferred tax asset did not meet the criteria for recognition.

**NOTE 3 - ISSUED CAPITAL**

	CONSOLIDATED GROUP		
	Date Issued	Ordinary Shares	\$
BALANCE AT 1 JULY 2007		11,000,000	704,000
-Shares issued to acquire subsidiaries	22 July 2007	18,418,477	3,683,695
-Initial Public Offering	3 August 2007	35,000,000	7,000,000
Transaction costs (net of tax)		-	(690,495)
BALANCE AT 1 DECEMBER 2007		<b>64,418,477</b>	<b>10,697,200</b>
BALANCE 1 JULY 2008		<b>64,418,477</b>	<b>10,697,200</b>
BALANCE AT 31 DECEMBER 2008		<b>64,418,477</b>	<b>10,697,200</b>

**ARCHER EXPLORATION LIMITED & CONTROLLED ENTITIES**  
**ABN: 64 123 993 233**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

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**NOTE 4 – SHARE BASED PAYMENTS**

On 21 November 2008 a grant of share options was made to director of the Company following shareholder approval to purchase equity in the Company. The terms and conditions of the grant made during the six months ended 31 December 2008 are as follows:

**YEAR 2008**

<b>Grant date</b>	<b>Grant date Number of instruments</b>	<b>Vesting conditions</b>	<b>Contractual life of options</b>
21 November 2008	250,000	On issue	983 days

Fair value of share options and assumptions for the six months ended 31 December 2007:

Fair value at grant date	\$0.073
Share price	\$0.05
Exercise price	\$0.25
Expected volatility	96%
Option life	983 days
Risk-free interest rate	6.00%

**YEAR 2007**

No share options were issued in the half-year ended 31 December 2007.

**NOTE 5 - SEGMENT REPORTING**

The consolidated entities operate in the mineral exploration industry in Australia.

**NOTE 6 - CONTINGENT LIABILITIES & COMMITMENTS**

Since the last annual report there has been no material change to any contingent liabilities.

The consolidated entities have minimum expenditure commitments on exploration licenses as per the terms of the exploration licences. If the minimum expenditure on each licence is not met, part of the licence acreage may have to be relinquished.

**NOTE 7 - EVENTS SUBSEQUENT TO REPORTING DATE**

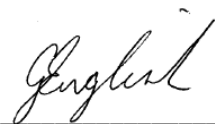
There has been no material event subsequent to the half-year ended 31 December 2008.

## **DIRECTOR'S DECLARATION**

In the opinion of the Directors:

1. The Financial Statements and Notes, as set out on pages 5 to 10:
  - a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
  - b) give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
2. In the Director's 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.



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**Greg English**  
**Chairman**

**Adelaide**

Dated this 13<sup>th</sup> day of February 2009.

## INDEPENDENT REVIEW REPORT



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### **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ARCHER EXPLORATION LIMITED**

#### **Report on the half-year financial report**

We have reviewed the accompanying half-year financial report of Archer Exploration Limited (the Company) and consolidated entity, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both the Company and the entities it controlled at the half-year's end or from time to time during that half-year.

#### **Directors' responsibility for the half-year financial report**

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim and other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

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## INDEPENDENT REVIEW REPORT (CONT)



### **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ARCHER EXPLORATION LIMITED Cont**

#### **Auditor's responsibility Cont**

As the auditor of Archer Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

#### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Archer Exploration Limited is not in accordance with the Corporations Act 2001, including:

- 1 giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- 2 complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

GRANT THORNTON  
South Australian Partnership  
Chartered Accountants

A handwritten signature in blue ink, appearing to read "J.L. Humphrey".

J.L. Humphrey  
Partner

Signed at Wayville on this 13<sup>th</sup> day of February 2009

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Greg English – Executive Chairman  
Tom Phillips AM – Non-executive Director  
Alice McCleary – Non-executive Director  
Gerard Anderson – Non-executive Director

### **COMPANY SECRETARY**

Craig Gooden – Company Secretary

### **REGISTERED OFFICE**

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### **AUDITORS**

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### **SOLICITOR**

Norman Waterhouse Lawyers  
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### **BANKERS**

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### **AUSTRALIAN SECURITIES EXCHANGE**

The Company is listed on the Australian Securities Exchange

**ASX CODE: AXE and AXEO**