

8 January 2010

Dear Shareholder

BEWARE OF OFFERS TO PURCHASE YOUR ARCHER EXPLORATION SHARES – THEY MAY UNDERVALUE YOUR INVESTMENT

I am writing to inform and warn you about a potential unsolicited offer to purchase your Archer Exploration shares.

We have been advised that some of our shareholders have received a written unsolicited offer to purchase their Archer shares. You may also receive an unsolicited offer.

For the guidance of all shareholders/investors, the Australian Securities and Investments Commission (ASIC) has published a list of six points for shareholders to be aware of when assessing unsolicited offers. You can view this information by following the prompts at the ASIC website at <http://www.fido.gov.au/fido/fido.nsf#>.

It concerns the Board of your Company that shareholders may unknowingly accept an offer for their Archer shares that may undervalue their shareholding, so if you do receive such an offer, please check it carefully. In particular, please check:

- that you are going to receive **fair value** for your shares because it is possible that you could receive more for your shares if you sold them on market through your broker. You can check the current market value of Archer Exploration shares on the ASX website at www.asx.com.au or in the daily newspapers; and
- the terms and conditions of the offer and, in particular, the **form of the consideration** and **how quickly you are going to be paid**. If you sold your shares on market through a broker, you would normally receive payment within approximately 3 business days. You should check how quickly you are to receive payment from any unsolicited offer. If such offer proposes that you will be paid over a longer period of time, or by the issue of consideration other than cash (such as by giving you share scrip in another company), this may reduce the real value to you. It may also result in unforeseen taxation consequences for you.

Of course any decision about the sale of your Archer shares is one for you. As Chairman of Archer, I simply urge you to carefully consider the terms of any offer you receive and to contact your broker, stockbroker, accountant or financial advisor for advice.

Archer shareholders who receive any unsolicited offer should also contact Archer on (08) 8332 5033 or email the Company Secretary at cgooden@archerexploration.com.au

The board of Archer Exploration is most enthusiastic about the prospects of the Company's many projects, in particular the promising Ketchowla manganese project where during the past 3 months rock chip sampling has identified many outcrops and small workings exposing manganese mineralisation in a 135 Kms² area.

The Company intends to start drilling the Ketchowla prospect late in February / early in March this year and shareholders will be provided with regular updates on the accelerated work on this project and other Archer activities.

We invite you to read the latest Quarterly Report to be released next week to learn more about all of Archer's activities and prospects.

Thank you for your support as a shareholder in Archer Exploration.



Greg English
Chairman
Archer Exploration Limited