

TO: COMPANY ANNOUNCEMENTS OFFICE  
ASX LIMITED

DATE: 23 JULY 2014

THIS IS A PRIORITY ITEM

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## PROPOSED EQUITY INVESTMENT IN GRAPHITE PROJECT IN BOTSWANA PROPOSED SUBSCRIPTION FOR SHARES IN P-FUEL LIMITED ASSOCIATED CAPITAL RAISINGS

### HIGHLIGHTS:

#### 1. Graphite in Botswana

- Graphite investment at Pencil Hill in Botswana subject to
  - Two due diligence holes to be drilled at Pencil Hill graphite anomaly.
  - PL covers an area of 975 sq km.

#### 2. P- Fuel Limited: P2D – waste plastics to diesel

- At least three site available for selection.
- Plant to be moved from UK to a selected site.
- Completion and commissioning of plant agreed to by vendors.
- Plant expected to be operational within 6 months of arriving at site.
- P-Fuel proposes to undertake an IPO under which Bisan shareholders will be given a priority allocation.

#### 3. Placement raising \$549K committed

- 36,630,895 fully paid ordinary shares to be issued.
- 36,630,895 options exercisable at 5 cents (\$0.05) per option expiring on 31 December 2018 to be issued subject to shareholder approval.

#### 4. General meetings will be held for Bisan shareholders to approve

- Issue of free attaching options to participants in placement.
- Acquisition of a 30% equity interest in the Pencil Hill Pty Ltd graphite project.
- Bisan underwriting the proposed P-Fuel IPO up to \$1M.
- Capital return by distribution of the P-Fuel shares to Bisan shareholders.

### STRATEGIC GROWTH OBJECTIVES

The Board of Bisan Limited is pleased to announce a number of initiatives that follow on from the recent announcements where the company has become more active in

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its diversified investment portfolio with the additional investment in World Oil Resources Limited and now a proposed follow on investment and potential participation by shareholders of Bisan in an IPO of P-Fuel Limited (Waste plastics and oils to Diesel).

The Board is further pleased to advise that in line with this strategic growth strategy it is now proposed to make an investment in Pencil Hill Pty Ltd, which the company believes will be Botswana's first graphite exploration company. This opportunity may also lead to shareholders of Bisan participating in a further IPO. The Board will also consider a "return in specie" of its total investment in both P Fuel and Pencil Hill to shareholders in the future.

The Board believes that these initiatives will potentially add to shareholder wealth moving forward. In order fund these initiatives the company is proceeding with the placement shares in accordance with the ASX Listing Rules to a number of professional, sophisticated and other investors.

## **GRAPHITE DISCOVERED AT "PENCIL HILL" - BOTSWANA**

Bisan intends to acquire a 30% interest in a company to be formed "Pencil Hill Pty Ltd" that will hold a 80% interest in the "Pencil Hill" graphite prospecting licence in Botswana.

Bisan will also have a first right of refusal to subscribe to additional shares and acquire an additional 21% giving Bisan the opportunity to move to 51% of the issued capital pre IPO and will dilute accordingly after the IPO. The consideration for the additional equity will be based on an agreed value most likely to be the IPO price offered to the public or by an independent expert selected by both parties. The pre-emptive right will lapse on Pencil Hill achieving IPO. Bisan will not prevent Pencil Hill from raising additional capital should the process to complete the pre-emptive right exceed 30 days in which case Pencil Hill will raise capital to ensure it can operate as a going concern. The Board will consider increasing its interest with a view of distributing the investment in Pencil Hill, either its 30% interest or its 51% interest back to shareholders at the time of an IPO who will also be given a priority entitlement to the IPO.

The PL is held by Q-Pene (Pty) Ltd under a joint venture arrangement with other parties who will make available up to 80% of the interest in the PL to Pencil Hill Pty Ltd. The licence includes areas highly prospective for graphite. The terms and conditions of that Joint venture will form part of the documentation to be put to Bisan shareholders for approval should the transaction to acquire 30% proceed.

Mr. Patrick Volpe, a Director and substantial shareholder of Bisan, is a Director and shareholder of Q-Pene (Pty) Ltd.

The proposed acquisition will be conditional upon:

- (a) Due-diligence drilling to be completed by Q Pene and Bisan to verify previous results which are discussed below failing which either party can elect not to proceed further under the agreement. As the past results are not JORC

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compliant, Bisan will engage a program that will perform verification drilling to compile to the JORC 2012 standard.

- (b) All necessary shareholder and regulatory approvals including under the ASX Listing Rules, Corporations Act and ASIC Regulatory Guides being obtained.

Given the involvement of Mr Patrick Volpe in both Bisan and Q-Pene, the transaction will constitute a related party transaction which will require approval of the members of Bisan in accordance with the ASX Listing Rules, the Corporations Act, relevant ASIC Regulatory Guides and the Constitution of Bisan. Among other things this will require an independent experts report to be obtained reporting on whether the terms of the proposed acquisition are fair and/or reasonable and whether it is in the best interests of the non-associated members of Bisan (being those members of Bisan other than Mr Volpe and his associates)

Mr Volpe absented himself from discussions of the Board of Directors of Bisan and will not vote as a Director on the proposal. None of Mr Volpe or any of his associates will vote at the meeting of members to approve the proposal.

The explanatory memorandum to accompany the notice of meeting will provide full details of the prospecting licence and the prospectivity or otherwise of the licence area. At this stage of exploration, no reserves or resources (within the meaning of the JORC Code or otherwise) have been defined.

As part of the proposal, Bisan will undertake due-diligence on the licence area. This due-diligence will include detailed geological review including verification drilling and will be conducted in accordance to the JORC 2012 standard by a qualified competent person. The estimated cost of the due-diligence process is \$200,000. Bisan may withdraw from the investment proposal and not proceed if the due diligence carried out does not, in the opinion of the Directors of Bisan (other than Mr Volpe), justify Bisan's continued involvement and investment.

If Bisan withdraws from the agreement after completion of due-diligence, it will not retain or hold any interest in Pencil Hill Pty Ltd or the prospecting licence. The due-diligence drilling expenditure of approximately \$200,000 is not part of the consideration.

If Bisan does proceed, then the consideration to subscribe to 30% of the issued capital of Pencil Hill is \$2M.

Bisan will engage experienced geologists and professional advisers to assist with its due diligence process. Reports from those persons will be included in the explanatory memorandum to be sent to members. All such experts so appointed will be appointed by the Directors of Bisan (other than Mr Volpe).

## **Acquisition Agreement Key Terms and Conditions**

1. Bisan is to perform due-diligence drilling and ground work at its expense estimated to cost \$200,000.

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2. The due-diligence drilling and other investigations to be completed within 60 days of the date of the acquisition agreement otherwise the agreement will lapse and Bisan will have no interest in Pencil Hill Pty Ltd or the prospecting licence. In that event, any due-diligence expenditure by Bisan will be lost and is not recoverable from any party.
3. Bisan can acquire 30% of Pencil Hill Pty Ltd for a payment of \$2M with the funds to be expended on exploration and other expenses.
4. Bisan will have the first right of refusal to acquire up to an additional 21% of the equity Pencil Hill Pty Ltd based on the terms above with an independent valuation may be required, once the sum of \$2M has been expended.
5. Q-Pene will be the manager of the project.

In the event that Bisan proceeds with the acquisition of an interest in Pencil Hill Pty Ltd, Bisan may be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules which will require a consolidation of its securities on a post-consolidation basis of \$0.20 per share.

## **P-FUEL: FURTHER INVESTMENT**

Bisan currently holds 13.8% of the issued capital of P-Fuel Limited, an unlisted public company. Bisan will invest a further \$150,000 by subscribing for 3,000,000 new ordinary shares in P-Fuel at 5 cents (\$0.05) per share to increase its equity interest to 16.06%.

Bisan also intends, subject to raising the necessary funds and obtaining all required approvals, to underwrite to the extent of \$1M a proposed IPO by P-Fuel.

## **CAPITAL RAISING - PLACEMENT**

Bisan is proceeding with a placement raising \$549,463 (before costs) by the issue of 36,630,895 fully paid ordinary shares at 1.5 cents (\$0.015) per share using the available placement capacity under ASX Listing Rules 7.1 and 7.1A.

The terms of the placement provide for each participant to receive free attaching options on a one-for-one basis. The options are to be exercisable at 5 cents (\$0.05) per option and will expire on 31 December 2018. Shareholder approval will be sought to issue the free attaching options.

The options will be unlisted as the company is currently unable to meet the spread requirements for the listing of the options.

None of the shares were placed with related parties or their associates.

An Appendix 3B and the additional information required by ASX LR 3.10.5A will be lodged separately in accordance with the ASX Listing Rules.

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## USE OF FUNDS RAISED

The \$549,463 raised under the placement will be applied as follows:

USE OF FUNDS	\$
Follow on investment in P-Fuel	150,000
Due-diligence drilling and ground work including laboratory analysis and reporting on two diamond drill holes proposed by Bisan. These two holes will aim for a depth of 200m each to twin and extend two previous drill holes at the "Pencil Hill" graphite anomaly	200,000
Working capital and payment of creditors	169,242
Fee to Foxfire	30,221
<b>TOTAL</b>	<b>549,463</b>

## FOXFIRE CAPITAL PTY LTD ("Foxfire")

Foxfire is the holder of Australian Financial Services Licence No. 390210 and was appointed to manage the placement of shares.

Foxfire will be paid a fee of 5% (plus GST) of the total funds raised under both placements.

Mr Patrick Volpe, a Director and substantial shareholder of the Company, is a shareholder of, and consultant to, Foxfire.

**Pat Volpe**  
**Chairman**

## **Disclosures**

Pat Volpe is a major shareholder of Bisan, P-Fuel, Q-Pene and Foxfire. In view of Mr Volpe's various interests, when required by the Corporations Act or the ASX Listing Rules, Mr Volpe has not participated, and will not participate, in any deliberations of the Board of Directors or any vote by shareholders.

## **About Bisan**

Bisan is a diversified investment company with a portfolio of investments including equity securities in listed and unlisted companies.

## **About P-Fuel**

P-Fuel technology takes environmentally damaging waste plastics and converts them to a positive energy fuel source. P-Fuel's technology does not rely on food sources, as is the case with some biodiesel technologies. P-Fuel's technology will

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be utilised to convert waste plastics and waste oils to diesel thus avoiding disposal to landfill.

P-Fuel Limited was established in 2005 and has a process that claims to convert both waste plastics and waste oils into diesel. The company has a commercial plant with a 6,000 t.p.a design capacity that has been partially built but additional funds are required to enable completion and commissioning of the plant.

P-Fuel has had customer enquiries and interest from around the world and has built up a substantial client list of potential purchasers. The plant has been designed to produce transport quality diesel, which would be a world first, if achieved. The fuel can potentially be used in motor vehicles.

The P-Fuel process can also produce what is known as “red diesel” that can be used for diesel generators, tractors, boats and can be used to generate power as well as other uses such as in transport and machinery.

## About Q-Pene (Pty) Ltd

Q-Pene is a Botswana incorporated company that holds four (4) Prospecting Licences (PLs) granted for graphite exploration in Botswana. It also has other PL applications awaiting processing in Botswana. Pat Volpe is a substantial shareholder of Q-Pene.