

**TO: COMPANY ANNOUNCEMENTS OFFICE  
ASX LIMITED**

**DATE: 10 SEPTEMBER 2014**

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## **SIGNIFICANT GRAPHITE DISCOVERED IN TRENCHING AT PENCIL HILL PROJECT IN BOTSWANA**

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**The Board of Bisan has been advised by Q-Pene (Pty) Ltd that it has encountered significant visual graphite mineralization in three trenches completed from six planned at the “Pencil Hill” new Graphite discovery in Botswana.**

All trenches are approximately 1 km apart and are being excavated to test ~10km of the ~25 km long Geotem anomaly in the northern part of the licence. The three trenches completed to date have all intercepted significant near surface in situ graphite mineralization. The Graphite visually shows good flake size which will be sent to the laboratory for testing. The trenching program follows the recently completed two diamond holes which also intercepted significant Graphite of up to 95m and 86m respectively.

**Figure 1:** in situ graphite mineralization shows flake sizes equalling approx. 1 mm in size



**Initial near surface in situ graphite mineralization shows flake sizes equalling approx. 1 mm in size**

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The three trenches completed, approximately 1 km apart, to date have intersected significant graphite mineralization which can be summed up as follows:

## **Trench TST-001:**

- 90 m of visible Graphite from 10 m varying in thickness between 2 m and 15 m

## **Trench TST-002:**

- 115 m of visible Graphite from 20 m varying in thickness between 2 m and 25 m

## **Trench TST-003:**

- Data not yet available

The lithological units in the area follow a folded structure and dips steeply (vertical to 080 deg.) towards the outer flank of the structure. As such, the mineralization encountered in the trenches is near to true lithological widths.

**Figure 2: Near surface graphite mineralization from Trench TST-002 on the Pencil Hill licence area.**



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Figure 3: Location map of the two recently completed diamond holes 50 m apart (located 1.1 km from trench TST-001) as well as six planned trenches (of which the first three have been completed) over the Geotem data that shows a strike of 10 km within the map area (potential strike of 25 km within licence area).

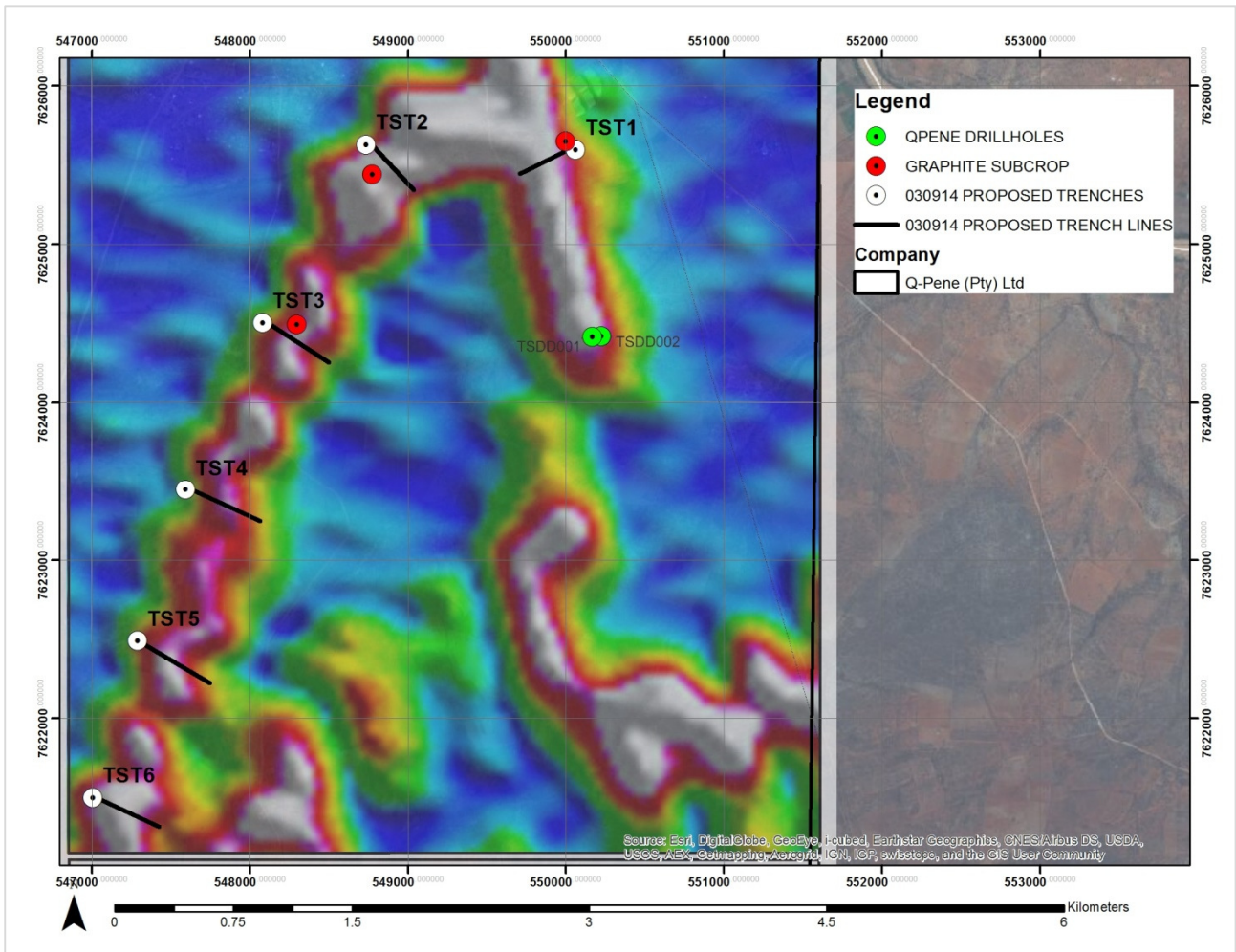


Table 1: Completed and planned trenches (all taken by handheld GPS, so lengths may vary from true lengths)

TRENCH ID	AZIMUTH (MAGNETIC)	DIP	EOH	EASTING	NORTHING
TST-001	245	0	170 m	550064	7625591
TST-002	140	0	135 m	548752	7625649
TST-003	120	0	235 m	548080	7624516
TST-004	planned	0	N/A	planned	planned
TST-005	planned	0	N/A	planned	planned
TST-006	planned	0	N/A	planned	planned



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The Prospecting Licence (PL) covers an area of 830 sq km with a potential graphite mineralization strike of 25 km within the licence area.

The trenching follows two diamond drill holes that intercepted graphite totaling 95m in Hole One and 86m in Hole Two at the “Pencil Hill” new Graphite discovery in Botswana (refer ASX announcement 20 August 2014).

## **Independent Laboratory Analyses for Diamond Drill Holes:**

The independent laboratory results for the two diamond drill holes which encountered significant Graphite intercepts are still pending. Samples have been forwarded for TGC (Total Graphitic Carbon) and flake size analysis which will be reported to the market when received.

## **Independent Laboratory Analyses for Trenching:**

Trenches will be channel sampled horizontally along base over graphite horizons. Samples will consequently be sent to an independent laboratory for Total Graphitic Carbon (TGC) assays.

Should Bisan agree to acquire an interest in the Pencil Hill Project, then the funds invested will be used to expedite an exploration program with more drilling planned to test the significant graphite potential zone of at least 25km

The results will be released to the market when available and will be considered by the Board when determining if Bisan will acquire an initial interest of 30% with the first right of refusal to increase to 51% of issued capital pre IPO and will dilute accordingly after any IPO. (Refer ASX announcement 23 July 2014). The Directors of Bisan are pleased with the due diligence to date and when the independent lab results are at hand a decision will be made whether to proceed with the acquisition and shareholders will be informed.

*The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Mr Nico Scholtz who is a Professional Geologist with the South African Council for Natural and Scientific Professions (SACNASP). Mr Scholtz is a consulting Geologist appointed by Bisan to conduct the exploration required by Bisan on the Q-Pene (Pty) Limited “Pencil Hill” project. Mr Scholtz has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Scholtz consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

**Pat Volpe**  
**Chairman**

## **Disclosures**

Pat Volpe is a Director and major shareholder of Bisan Limited, Q-Pene (Pty) Ltd and Pencil Hill Limited. In view of Mr. Volpe’s interests, when required by the Corporation Acts 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.

Pencil Hill Limited (a company in the process of being formed) will have an 80% interest in the “Pencil Hill” project with Q-Pene (Pty) Ltd holding the balance of 20%.

## JORC Code, 2012 Edition – Table 1 report template

### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li><i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li><i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>Trenching results reported in this release are from trenches being excavated by JCB. Trenches are 1 m wide and no deeper than 3 m. Channels are cut horizontally at bottom of trenches and 1 m samples are taken only over graphite interceptions. Samples are not longer than 1 m lengths but may be shorter than 1 m depending on the graphite interception length. No other exploration tools are used.</li> <li>Trench start, finish and deflection points are being captured by handheld GPS (WGS 84, UTM zone 35S).</li> <li>Graphite is visually recognized in trenches, it is micaceous, has a dark grey streak, a sub-metallic luster and is lightweight.</li> <li>Sampling is in process.</li> </ul>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li><i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></li> </ul>	<ul style="list-style-type: none"> <li>Trenches are being excavated by JCB testing Geotem anomalies</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<ul style="list-style-type: none"> <li>Samples are taken in one meter intervals over graphite lithologies at bottom of trenches.</li> </ul>

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Criteria	JORC Code explanation	Commentary
<i>Logging</i>	<ul style="list-style-type: none"> <li><i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li><i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>All trenches are being logged geologically.</li> <li>Logging of trenches includes recording lithology, mineralogy, mineralisation, weathering, colour and other features of the host rock. Geological descriptions of the mineral occurrence and abundances are semi-quantitative.</li> <li>Complete trenches are logged</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>n/a</li> <li>Trenches are sampled in 1 m wide horizontal channels across graphite interceptions.</li> <li>Duplicates and field blanks will be inserted at every 20th sample. QAQC samples will be submitted with trench samples.</li> <li>Duplicate samples will be graphite interceptions that are split by riffler.</li> <li>The sample sizes are considered to be appropriate and represent mineralisation at the Pencil Hill project based on the style of mineralisation, the thickness and consistency of the intersections and the sampling methodology.</li> <li>Sample sizes are appropriate to grain size of material sampled.</li> </ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li> <li><i>Nature of quality control procedures adopted (eg standards, blanks,</i></li> </ul>	<ul style="list-style-type: none"> <li>The analytical techniques for assaying trench samples include Graphitic Carbon, Total Sulphur, and Total Carbon on a Leco Combustion Infrared Detection instrument. Detection limits for these analyses are considered appropriate for the reported assay grades.</li> <li>n/a</li> <li>Trench samples will be submitted to the lab with blanks (2 per 40</li> </ul>

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Criteria	JORC Code explanation	Commentary
	<i>duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	samples) and field duplicates (5 per 100 samples). Sample preparation checks for fineness will be carried out by the laboratory. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, and repeats as part of their in house procedures. A selection of the riffle split samples will be submitted to an independent laboratory as independent checks of the assay results.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li><i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>All procedures are verified by Nico Scholtz an independent geological consultant.</li> <li>n/a</li> <li>All data is stored in database format which is generated by on site project geologist and sent to the independent consultant on a regular basis. In addition, the consultant is being updated on a daily basis wrt exploration activities.</li> <li>n/a</li> </ul>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li><i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li><i>Specification of the grid system used.</i></li> <li><i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>Trench start, finish and deflection points are being captured by handheld GPS (WGS 84, UTM zone 35S).</li> <li>The grid system Pencil Hill Project area is World Geodetic System (1984 Spheroid and Datum; Zone 35 South).</li> <li>Flat terrain, no DTM compiled yet</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li><i>Data spacing for reporting of Exploration Results.</i></li> <li><i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li><i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>The reported trenches are planned to be spaced approx 1,000 m apart covering the Geotem anomaly and are first pass reconnaissance trenches only.</li> <li>The data spacing of trenches are adequate to test the Geotem anomaly only, only after additional drilling has been completed and modelled can be ascertain grade continuity.</li> </ul>

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Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> <li>No sample compositing has been applied.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>Samples are taken perpendicular on dip and therefore achieve our objectives of assessing the Geotem anomaly wrt graphite mineralization. In addition, all structural readings on insitu rock will be performed if suitable dip and strike planes can be located.</li> <li>No bias.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Samples are stored on site on a secure enclosure prior to shipping to SGS. A guard is assigned to the yard day and night.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>All procedures are verified by Nico Scholtz</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>Pencil Hill Project are located within PL058/2013 in the Central District, Botswana granted to Q-Pene Pty Limited</li> <li>At this time the tenements are believed to be in good standing. There are no known impediments to obtain a license to operate and Q-Pene has established a good working relationship with local stakeholders.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Minimal data was acquired from Botswana Metals Limited from their base metals exploration. None was on graphite exploration</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>The Pencil Hill graphite deposit is hosted within the Kgarimacheng Formation. This unit includes ultramafic schists, serpentinites, amphibolites, quartzites, semi-pelitic gneisses and meta-arkoses.</li> </ul>

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Criteria	JORC Code explanation	Commentary
		Graphite mineralisation is hosted within graphitic shists with intercalating marbles and mafic amphibolites intruded by felsic gneiss and doleritic bodies.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <li><i>easting and northing of the drill hole collar</i></li> <li><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li><i>dip and azimuth of the hole</i></li> <li><i>down hole length and interception depth</i></li> <li><i>hole length.</i></li> </ul> </li> <li><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></li> </ul>	<ul style="list-style-type: none"> <li>A summary Table of the completed and planned trenches is included in this announcement.</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></li> <li><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>n/a</li> <li>We can only report on this once the assays results have been received.</li> <li>No metal equivalent values are used.</li> </ul>
<i>Relationship between mineralisation widths and</i>	<ul style="list-style-type: none"> <li><i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></li> </ul>	<ul style="list-style-type: none"> <li>Graphite intercept widths are regarded as true widths, but will only be reported in detail once assays are received.</li> <li>Mineralisation dip is steep varying from vertical to 080.</li> <li>n/a</li> </ul>

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Criteria	JORC Code explanation	Commentary
<i>intercept lengths</i>		
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>Plan view maps of the reported trenches are included into this announcement.</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>The reported trenches are the first of the planned trenching campaign and assay results will be reported as soon as received.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>No other exploration data is applicable at this stage.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>Further work will be determined upon a full analysis and interpretation of results.</li> </ul>

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