BISAN Ltd

ASX Code: BSN

TO: **COMPANY ANNOUNCEMENTS OFFICE**

ASX LIMITED

DATE: 12 DECEMBER 2014

PENCIL HILL UPDATE

HIGHLIGHTS:

Flake Size (see figure 4)

- Initial grading mineralogical investigations show presence of flake graphite sizes > 177µm (80mesh) and potentially up to 1.7mm.
- Initial optical mineralogical study shows between 23.36% and 39.36% of the flake graphite in the 3 samples to be larger than 106µm.

Trenches (see tables 2 and 3)

- Seven trenches spaced 1,000 m apart encountered graphite mineralization.
- Significant graphite intersections - weighted average graphitic carbon (TGC), include:

82.96m @ 2.64% TGC (no cut off) from TRENCH 1 (TST001) including the following (at 5% cut off):

4.5m @ 6.64% TGC and,

9.0m @ 7.48% TGC

100.5m @ 2.29% TGC (no cut off) from TRENCH 2 (TST002) including the following (at 5% cut off):

10.0m @ 6.53% TGC

1.0m @ 12.7% TGC (no cut off) from TRENCH 3 (TST003)

40.07m @ 1.7% TGC (no cut off) from TRENCH 4 (TST003) including the following (at 5% cut off):

2.0m @ 5.38% TGC

44.74m @ 1.94% TGC (no cut off) from TRENCH 5 (TST005) including the following (at 5% cut off):

3.0m @ 8.11% TGC

18.9m @ 4.56% TGC (no cut off) from TRENCH 6 (TST006) including the following (at 5% cut off):

6.8m @ 8.96% TGC

135.7 @ 2.09% TGC (no cut off) from TRENCH 7 (TST007) including the following (at 5% cut off):

6.5m @ 8.48% TGC and,

5.8m @ 7.96% TGC

Additional anomalies investigated

- The current anomaly trenched has also been investigated with an additional 4 trenches, 3 of which intersected visual graphite, which extends the strike length to a confirmed 10 km of graphite mineralisation (assays for 4 additional trenches are pending).
- Part of 25km potential VTEM anomaly to be investigated with an additional 8 trenches spaced 1km apart.
- Additional target areas identified which may increase graphite strike length to 50 km.
- Potential for Pencil Hill to host large tonnage graphite deposit close to surface.

Corporate

- Bisan Limited and Pencil Hill Limited to re-negotiate the terms of the potential agreement.

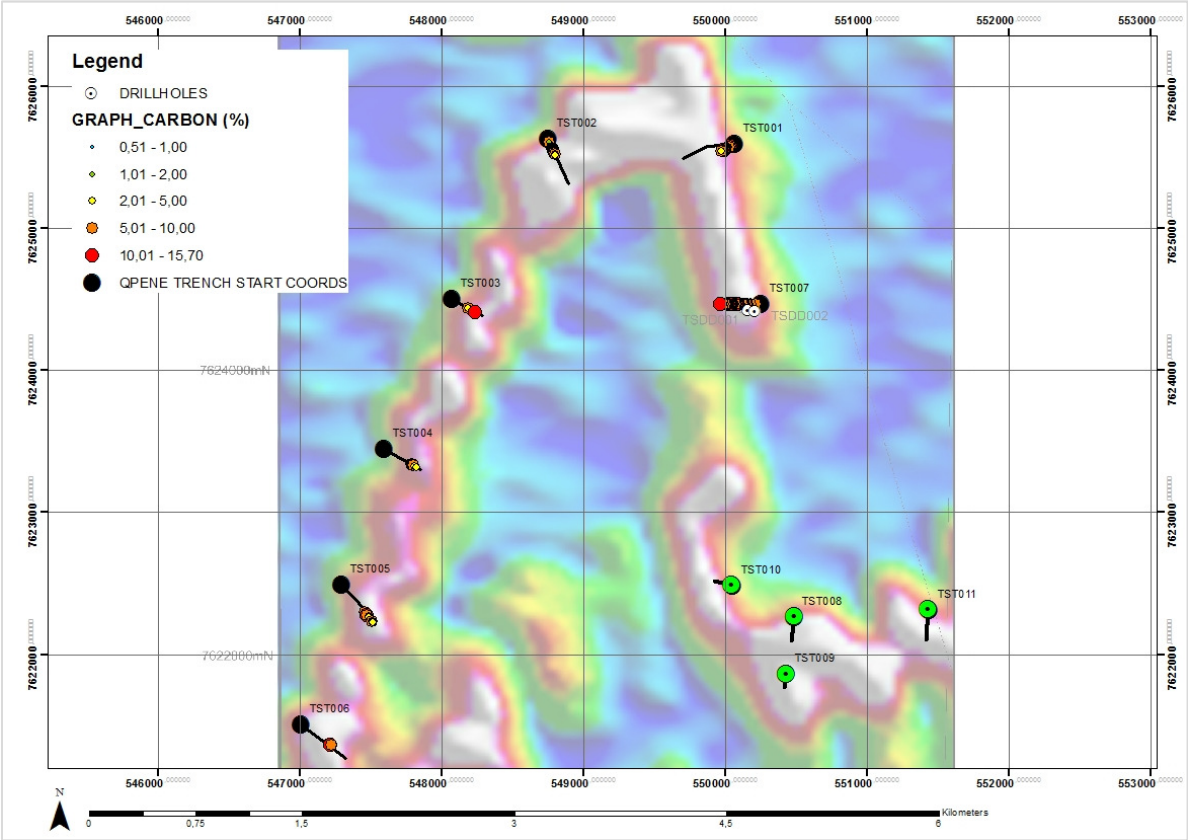
BISAN Ltd

INITIAL EXPLORATION CONFIRMS 7 KM OF GRAPHITE MINERALISATION OVER 25 KM POTENTIAL STRIKE

The Board of Bisan has been advised by Q-Pene (Pty) Ltd that it has received graphite laboratory assay results and graphite flake size investigations from the two diamond drillholes completed up to date at the "Pencil Hill" new Graphite discovery in Botswana. The Prospecting Licence (PL) covers an area of 830 sq km with a potential graphite mineralization strike of 25 km within the licence area.

Assays and flake size investigations were completed by SGS Booysens in Johannesburg, South Africa. All samples are from the two diamond drillholes completed on the Pencil Hill property.

Figure 1: Location map of the recently completed trenches 1,000 m apart as well as two completed drillholes (refer previous news release) over the Geotem data that shows a strike of 10 km within the map area (and a potential strike of 25 km within licence area). Note the 4 trenches that have been excavated (assays pending) on the southeastern part of the anomaly (green filled circles). Also note the grade of TGC intercepts (%) in legend (refer to table 3 for TGC laboratory assay results).



Assays:

Laboratory Analyses provides the following better total graphitic carbon (TGC) results for each of the seven trenches (assays are weighted averages, but not true widths while missing assays are given a grade of 0 % TGC). Note that trenches were only sampled where visual graphite was observed (refer table 3 for laboratory assay results):

- 83.0 m @ 2.64 % TGC from 27.50 m (no cut off) in trench TST001 including:
    - 9.70 m @ 7.48 % TGC from 87.10 m (5 % cut off)

- 100.5 m @ 2.29 % TGC from 23.50 m (no cut off) in trench TST002 including:
    - 10.0 m @ 6.53 % TGC from 76.0 m (5 % cut off)

- 3.5 m @ 6.27 % TGC from 131.50 m (no cut off) in trench TST003 and
- 1.0 m @ 12.70 % TGC from 187.90 (no cut off) in trench TST003
- 41.0 m @ 1.7 % TGC from 203.50 m (no cut off) in trench TST004
- 44.74 m @ 1.94 % TGC from 252.50 m (no cut off) in trench TST005

- 18.90 m @ 4.56 % TGC from 236.0 m (no cut off) in trench TST006 including:
    - 6.80 m @ 8.96 % TGC from 248.10 m (5 % cut off)

- 135.70 m @ 2.09 % TGC from 103.50 m (no cut off) in trench TST007 including:
    - 6.50 m @ 8.48 % TGC from 162.50 m (5 % cut off)

Figure 2: Graphite mineralization from Trench TST006.

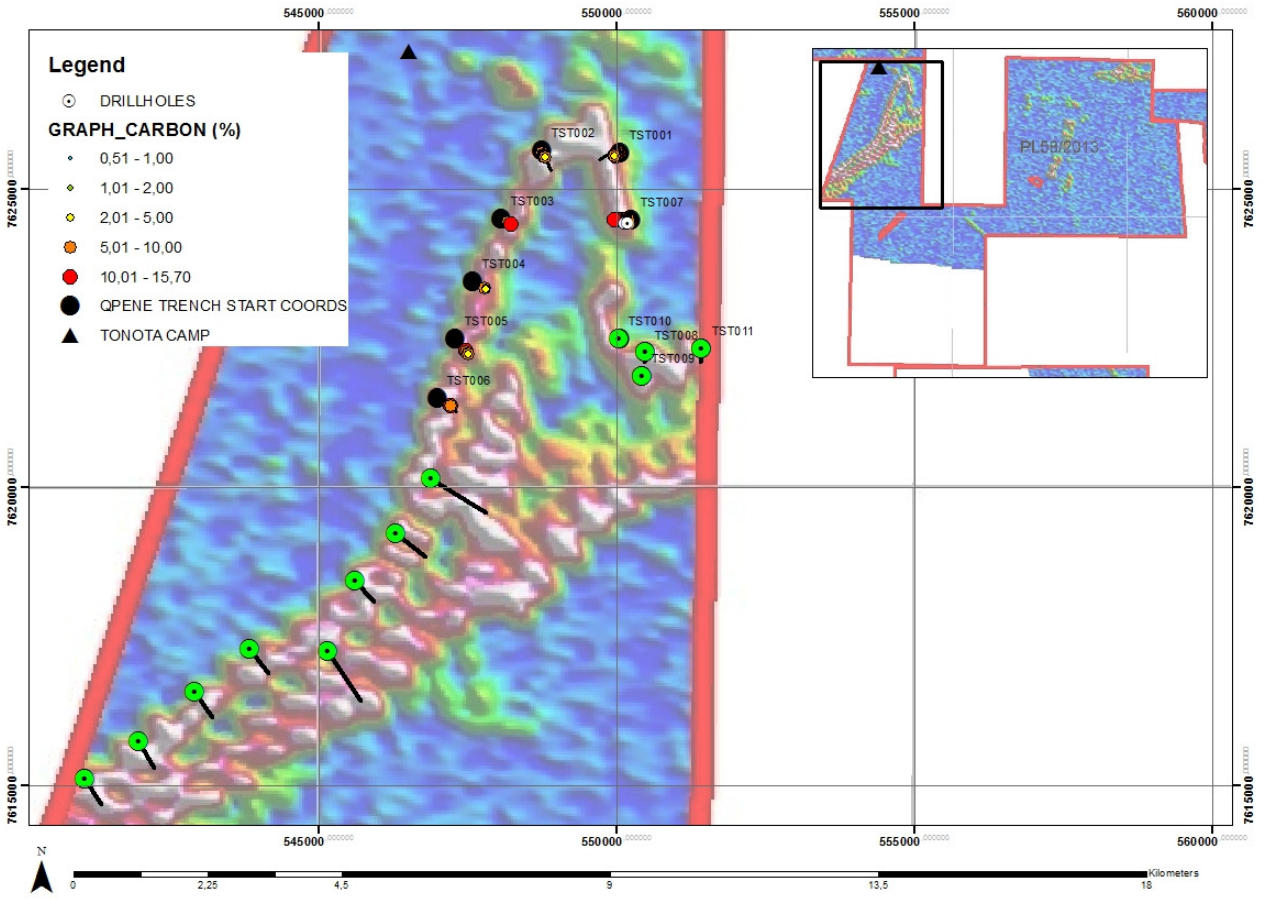
Geological mapping and general reconnaissance have also located additional graphite mineralisation to the south of the current target anomaly; Q-Pene intends excavating additional trenches in this area.

Status of agreement between Pencil Hill Limited and Bisan Limited

The original intention was for Bisan to acquire an initial interest of 30% in Pencil Hill Limited with a first right of refusal to increase the interest to 51% (refer ASX announcement made on 23 July 2014) subject to satisfactory due-diligence. Although the results to date have been encouraging, Bisan currently has insufficient capital to proceed with the acquisition and it is considered an inopportune time to raise capital having regard to market conditions and investor sentiment. There is a lack of investor appetite for exploration ventures and this limits the available funding opportunities.

Therefore the Directors of Bisan will seek to re-negotiate the terms of the proposed transaction with Pencil Hill Limited.

Figure 3: Current completed trenches (black filled circles) and additionally planned trenches to the south of the current target anomaly. See inset map for area enlarged.



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 25 km.

Flake sizes:

SGS Booysens in Johannesburg, South Africa completed a mineralogical and chemical investigation on three samples from excavated trenches on the property.

Table 1: Flake size samples and their respective trench locations and TGC assay results (refer Figures 4 and 5).

HOLE_ID	SAMPLE_ID	DEPTH_FROM	DEPTH_TO	TGC (%)
TST001	1099998	80.0	81.0	8.18
TST002	TST043	76.0	77.0	7.48
TST003	TST073	187.9	188.9	13.20

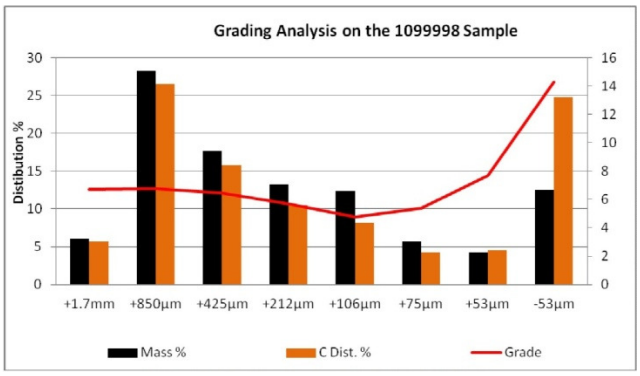
SGS stage crushed the 3 samples to 100 % passing 2 mm in size then used two approaches for the flake size investigation, namely:

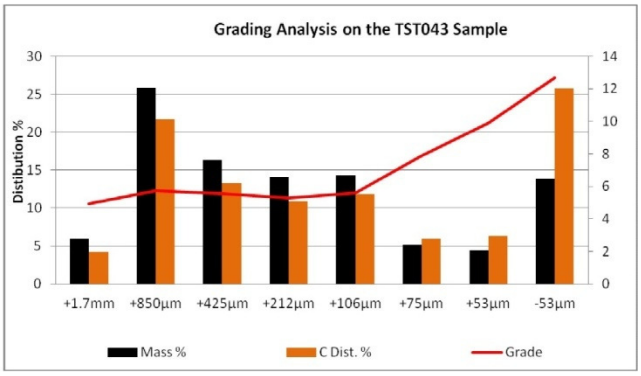
1. Grading analyses
    - 500 g of each sample was screened to produce 8 size fractions between +1.7 mm and -53 um. The mass of each size fraction was determined and recorded and a split aliquot of each size fraction was pulverized and submitted for TGC analysis by Leco.

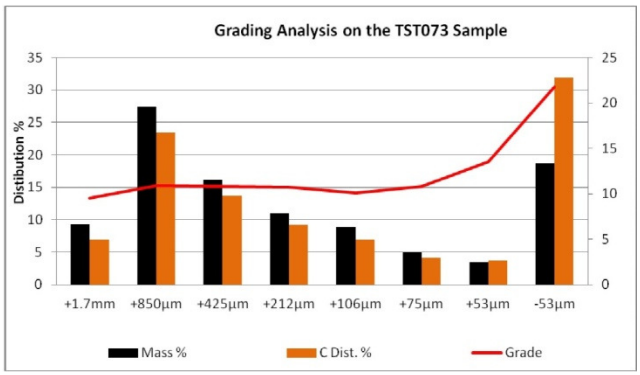
2. Optical graphite flake length investigation
    - Two polished thin sections from each of the five samples were analysed using an optical microscope. A total of approximately 150 grains from each sample was counted and flake length and width recorded.

In addition, SGS completed X-ray diffraction (XRD) on 20 g of feed sample material of each of the samples. The XRD supplied the bulk modal mineralogy of the gangue present in the samples. All samples contained quartz, calcite, mica and K-feldspar. The grading analyses indicated that grade increases towards the -53um fraction and that potentially some Jumbo flakes are present. However it should be noted that the grading analyses does not liberate graphite from the host rock and that some particles may not be graphitic, but the graphite assay results at the larger flake sizes does point towards the presence of such jumbo flakes. Although the optical investigation observed very few flakes >212um and most flakes fall into the -212 +106um range, only 150 flakes of each samples was investigated. In addition, finer flakes were better liberated and slightly larger flakes were locked in gangue. Additional flake size, liberation, leaching and flotation tests are planned to fully investigate the flake size distributions and metallurgical aspects of the graphite mineralisation at Pencil Hill.

Figure 4: Grading analyses from the 3 trench samples as completed by SGS Booysens in Johannesburg showing graphs at the top and tables at the bottom.







1099998	Mass		C	
			Grade	Distr.
	g	%	%	%
+1.7mm	16.13	6.06	6.72	5.64
+850µm	75.09	28.20	6.77	26.46
+425µm	47.05	17.67	6.45	15.79
+212µm	35.33	13.27	5.70	10.48
+106µm	33.11	12.44	4.74	8.17
+75µm	15.03	5.65	5.36	4.19
+53µm	11.2	4.21	7.68	4.48
-53µm	33.31	12.51	14.30	24.79
Total	266.25	100.00	7.22	100.00

TST043	Mass		C	
			Grade	Distr.
	g	%	%	%
+1.7 mm	29.52	5.92	4.92	4.26
+850 µm	128.79	25.84	5.74	21.69
+425 µm	81.27	16.31	5.56	13.26
+212 µm	70.32	14.11	5.28	10.89
+106 µm	71.54	14.36	5.61	11.78
+75 µm	25.75	5.17	7.90	5.97
+53 µm	22.02	4.42	9.89	6.39
-53 µm	69.15	13.88	12.70	25.77
Total	498.36	100.00	6.84	100.00

1099875	Mass		C	
			Grade	Distr.
	g	%	%	%
+1.7 mm	49.48	9.34	9.52	6.95
+850 µm	145.5	27.45	10.90	23.39
+425 µm	85.72	16.17	10.80	13.66
+212 µm	58.17	10.98	10.70	9.18
+106 µm	47.01	8.87	10.10	7.00
+75 µm	26.18	4.94	10.80	4.17
+53 µm	18.68	3.52	13.50	3.72
-53 µm	99.28	18.73	21.80	31.93
Total	530.02	100.00	12.79	100.00

*Values in blue are calculated

Figure 5: Optical graphite flake length distributions from the 3 trench samples as completed by SGS Booysens in Johannesburg.

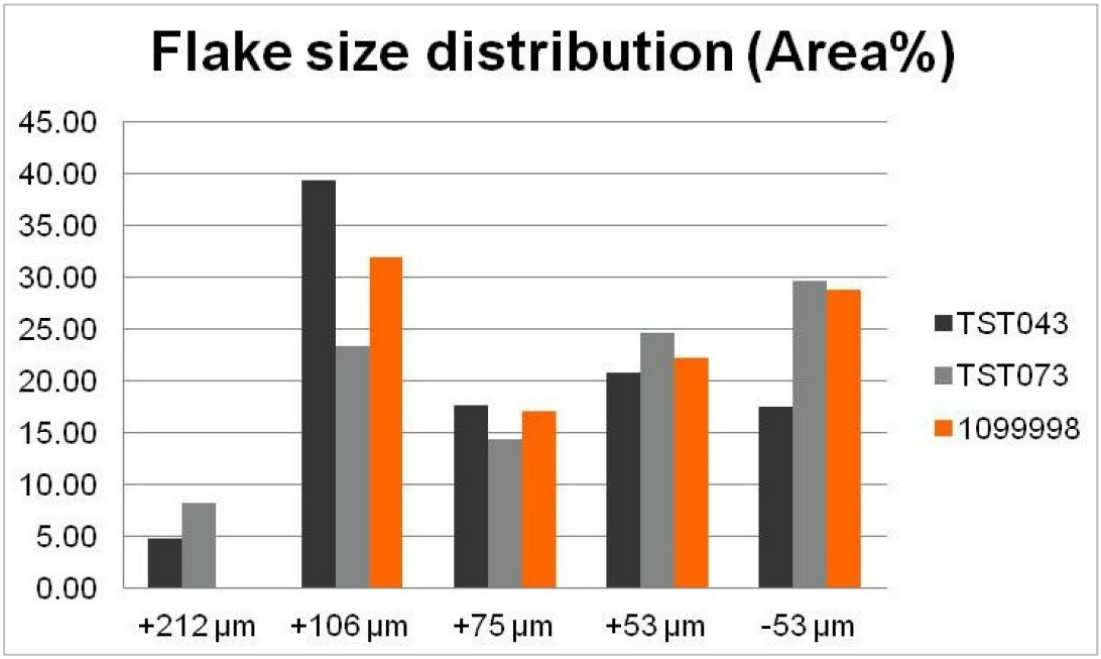


Table 2: Completed 7 trenches (Coordinates are from handheld GPS unit set in WGS 84 UTM Zone 35 S).

DRILLHOLE ID	AZIMUTH (MAGNETIC)	DIP	EOH	EASTING	NORTHING
TST001	240	0	346	550063	7625597
TST002	155	0	337	548747	7625631
TST003	120	0	235	548071	7624504
TST006	124	0	400	547006	7621498
TST005	140	0	350	547291	7622489
TST004	120	0	300	547594	7623447
TST007	270	0	300	550247	7624468

Table 3: Trench TGC (Total graphitic carbon) and S (Sulphur) assay results for the seven trenches completed on the Pencil Hill property (These results are not true widths).

HOLEID	FROM (m)	TO (m)	S (%)	GRAPH_ C (%)
TST001	27,5	28	<0.01	3,5
TST001	28	29	<0.01	5,25
TST001	29	30	<0.01	2,87
TST001	30	31	<0.01	10,1
TST001	31	32	<0.01	6,25
TST001	32	32,5	<0.01	4,88
TST001	38,2	39,1	<0.01	4,49
TST001	39,8	40	<0.01	3,78
TST001	40	41	<0.01	4,12
TST001	41	42	0,02	4,91
TST001	42	43	0,03	4,77
TST001	43	44	0,01	7,12
TST001	44	44,8	0,01	6,65
TST001	52,6	53	0,01	2,95
TST001	53	54	0,01	4,08
TST001	54	54,6	0,01	4,82
TST001	79,4	80	0,03	2,46
TST001	80	81	<0.01	5,86
TST001	81	82	<0.01	5,79
TST001	82	83	0,02	5,22
TST001	83	84	0,03	10,3
TST001	84	84,5	0,03	5,46
TST001	87,1	88	<0.01	5,38
TST001	88	89	0,02	8,11
TST001	89	90	0,02	9,59
TST001	90	91	0,02	11
TST001	91	92	0,01	12,8
TST001	92	93	0,01	5,33
TST001	93	94	<0.01	5,28
TST001	94	95	<0.01	5,54
TST001	95	96	<0.01	5,53
TST001	96	96,8	<0.01	5,61
TST001	97,7	98,7	<0.01	9,9
TST001	101,75	102,7	<0.01	4,92
TST001	103,3	104,3	<0.01	5,27
TST001	104,3	105	<0.01	4,47
TST001	106,8	107,8	<0.01	6,14

TST001	107,8	108,8	<0.01	9,94
TST001	108,8	109,8	<0.01	4,84
TST001	109,8	110,46	<0.01	4,53
TST002	23,5	24	<0.01	6,05
TST002	24	25	<0.01	4,9
TST002	25	26	<0.01	5,64
TST002	26	27	0,02	6,34
TST002	27	27,7	<0.01	1,93
TST002	68,6	69	<0.01	9,17
TST002	69	70	<0.01	5,95
TST002	70	71	<0.01	6,87
TST002	71	72	<0.01	8,41
TST002	72	73	<0.01	2,78
TST002	73	74	<0.01	4,18
TST002	74	74,5	<0.01	3,57
TST002	75	76	0,02	3,67
TST002	76	77	0,15	5,99
TST002	77	78	<0.01	7,05
TST002	78	79	<0.01	6,4
TST002	79	80	0,13	7,02
TST002	80	81	0,02	6,79
TST002	81	82	<0.01	6,24
TST002	82	83	<0.01	7,41
TST002	83	84	<0.01	7,47
TST002	84	85	<0.01	5,67
TST002	85	86	<0.01	5,23
TST002	86	87	<0.01	4,88
TST002	87	87,8	0,02	2,61
TST002	91,15	92	<0.01	4,94
TST002	92	93	<0.01	7,21
TST002	94,4	95	0,01	5,99
TST002	97,4	98	<0.01	5,1
TST002	98	99	<0.01	3,97
TST002	99	100	<0.01	5,09
TST002	100	101	<0.01	6,93
TST002	101	102	<0.01	7,13
TST002	102	102,8	<0.01	4,5
TST002	105	106	<0.01	8,89
TST002	106	107	<0.01	8,4
TST002	107	108	<0.01	8,44
TST002	108	109	<0.01	6,44
TST002	109	109,8	<0.01	5,95
TST002	117,2	118	<0.01	4,28

TST002	118	119	0,02	7,56
TST002	122	123	<0.01	2,71
TST002	123	124	<0.01	3,9
TST003	131,5	132	0,01	7,85
TST003	132	133	0,01	8,25
TST003	133	134	<0.01	5,69
TST003	134	135	0,02	4,09
TST003	187,9	188,9	<0.01	12,7
TST006	236	237		4,41
TST006	237	238		8,77
TST006	238	238,3		8,23
TST006	245,6	246,7		8,81
TST006	248,1	249		5,69
TST006	249	249,5		5,38
TST006	250	251		8,2
TST006	251	252		10,5
TST006	252	253		11
TST006	253	254		15,7
TST006	254	254,9		8,55
TST005	252,5	253		5,84
TST005	253	254		8,22
TST005	254	255		3,56
TST005	255	255,7		2,09
TST005	255,7	256		7,07
TST005	256	257		6,58
TST005	257	257,6		0,83
TST005	257,6	258		2,8
TST005	258	258,5		3,45
TST005	271,2	272,2		2,61
TST005	275,6	276		4,46
TST005	276	277		4,28
TST005	277	278		9,84
TST005	278	279		8,04
TST005	279	280		3,88
TST005	280	281		14,8
TST005	281	282		5,44
TST005	282	282,5		1,49
TST005	282,5	283		6,67
TST005	295,5	296,27		2,36
TST005	296,5	297,24		2,76
TST005	337,4	338		6,36
TST005	338	339		6,86
TST005	339	339,5		4,86

TST005	339,5	340		3,36
TST005	340	341		1,99
TST005	341	341,6		1,62
TST005	341,8	342,6		2,79
TST005	342,6	342,95		4,34
TST005	342,95	343,29		2,07
TST004	203,5	204,5		3,43
TST004	204,5	205,25		1,74
TST004	206,4	207,04		3,35
TST004	207,04	207,54		1,14
TST004	207,54	207,84		3,13
TST004	207,84	208,41		2,13
TST004	210,6	211,1		3,25
TST004	211,1	212,1		1,69
TST004	214,4	215,4		3,44
TST004	215,4	216,12		2,79
TST004	216,12	217,12		2,7
TST004	217,12	218,12		4,9
TST004	218,12	219,12		4,22
TST004	222,2	223,2		4,15
TST004	223,2	224,2		5,38
TST004	224,2	225,2		5,37
TST004	225,2	226,2		2,72
TST004	226,2	226,5		2,48
TST004	226,9	227,7		5,28
TST004	228,25	229		4,35
TST004	231	232		2,28
TST004	232	232,6		3,49
TST004	236,1	236,6		2,7
TST004	237	237,7		5,69
TST004	241,9	242,2		3,89
TST004	243,9	244,47		4,91
TST004	259,3	260		2,56
TST004	260	261		<0.05
TST007	33,3	33,95		6,88
TST007	65,1	66		0,51
TST007	66	66,36		2,32
TST007	67,5	68,22		4,91
TST007	69	70		3,55
TST007	70	70,89		3,55
TST007	71,4	72,14		5,43
TST007	81	82		4,21
TST007	82	82,74		3,21

TST007	87,7	88		2,37
TST007	88	89		5,37
TST007	89,6	90		4,25
TST007	90	91		3,73
TST007	91	92		5,28
TST007	94,3	95		6,03
TST007	95	96		4,93
TST007	96	97		5,53
TST007	97,7	98,16		4,3
TST007	103,5	103,97		3,51
TST007	104,5	105,5		2,6
TST007	105,5	106,25		2,64
TST007	291	292		<0.05
TST007	112,35	113		2,79
TST007	114,5	115,5		3,14
TST007	115,5	116,5		6,4
TST007	116,5	116,8		3,66
TST007	120,4	121		3,92
TST007	121,3	122		3,22
TST007	122	123		5,09
TST007	123	124		2,67
TST007	124	125		3,36
TST007	125	126		3,22
TST007	126	126,6		7,69
TST007	148	149		6,2
TST007	155,2	155,9		3,47
TST007	162,5	163		5,22
TST007	163	164		6,05
TST007	164	165		8,73
TST007	165	166		11,6
TST007	166	167		11,4
TST007	167	168		8,03
TST007	168	169		6,71
TST007	170,2	171		5,17
TST007	171	172		6,42
TST007	172	173		6,51
TST007	173	174		9,62
TST007	174	175		9,36
TST007	175	176		8,57
TST007	178,6	179		5,67
TST007	179	180		5,8
TST007	180	180,6		4,55
TST007	202,7	203		9,1

TST007	203	204		7,2
TST007	204	204,5		4,08
TST007	207	208		9,45
TST007	208	209		10,8
TST007	209	210		6,78
TST007	210	211		10,3
TST007	211	212		8,7
TST007	212	212,82		5,97
TST007	217,3	218,3		6,66
TST007	218,3	219,3		10,3
TST007	221	222		6,39
TST007	222	223		7,18
TST007	223	224		6,74
TST007	224	224,74		2,23
TST007	229	230		8,92
TST007	230	230,5		7,64
TST007	236,1	236,53		6,75
TST007	238,2	239,2		5,36
TST007	249	249,32		7,86
TST007	262	263		3,35
TST007	263	264		8,28
TST007	264	265		6,07
TST007	265	266		7,61
TST007	285,5	286,1		10,6

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.

Patrick Volpe

Chairman

BISAN Ltd

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
Sampling techniques	• *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.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *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.*	• Sample results reported in this release are from 7 trenches. • Samples were taken from trenches where visual graphite was observed. • Graphite mineralization was easily recognized in trench walls through visual observation and assayed by Leco at SGS Booysens in South Africa. • Trench samples were taken along horizontal channels along the base of the trench and composited to one meter where possible.
Drilling techniques	• *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).*	• n/a
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *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.*	• n/a
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate*	• All trenches were logged to a resource estimation standard and recorded lithology, mineralogy, mineralisation, weathering, colour and

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Criteria	JORC Code explanation	Commentary
	Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	other features of the host rock. • Geological descriptions of the mineral occurrence and abundances are semi-quantitative. • Complete trenches were logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• n/a • n/a • Samples were prepared by SGS Booysens according to resource estimation standards. • n/a • 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. • Sample sizes are appropriate to grain size of material sampled.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *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.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The analytical techniques for assaying diamond drillhole samples included 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. • n/a • Trench samples were submitted to the lab with blanks (2 per 40 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.
Verification	• *The verification of significant intersections by either independent or*	• All procedures are verified by Nico Scholtz an independent geological

Criteria	JORC Code explanation	Commentary
of sampling and assaying	*alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	consultant. • n/a • 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. • n/a
Location of data points	• *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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Trench collars were captured by handheld GPS (WGS 84, UTM zone 35S). • The grid system Pencil Hill Project area is World Geodetic System (1984 Spheroid and Datum; Zone 35 South). • Flat terrain, no DTM compiled yet
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample compositing has been applied.*	• The reported trenches are spaced 1,000 m apart. • The data spacing of trenches are adequate to test the Geotem anomaly only, only after additional drilling and trenching has been completed and modeled can grade continuity be ascertained. • No sample compositing has been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• Samples are taken as close to perpendicular on lithological dip as possible and therefore achieve our objectives of assessing the Geotem anomaly wrt graphite mineralization. • No bias.
Sample security	• *The measures taken to ensure sample security.*	• Samples are stored on site on a secure enclosure prior to shipping to SGS. A guard is assigned to the yard day and night.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• All procedures are verified by Nico Scholtz

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Section 2 Reporting of Exploration Results
(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.* • *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.*	• Pencil Hill Project are located within PL058/2013 in the Central District, Botswana granted to Q-Pene Pty Limited • 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.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Minimal data was acquired from Botswana Metals Limited from their base metals exploration. None was on graphite exploration
Geology	• *Deposit type, geological setting and style of mineralisation.*	• 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. Graphite mineralisation is hosted within graphitic shists with intercalating marbles and mafic amphibolites intruded by felsic gneiss and doleritic bodies.

Drill hole Information	• *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:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *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.*
		• A summary Table of the completed trenches are included in this announcement.

Data	• *In reporting Exploration Results, weighting averaging techniques,*	• Stated in announcement

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Criteria	JORC Code explanation	Commentary
aggregation methods	*maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *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.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• n/a • No metal equivalent values are used.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *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').*	• There is no relationship between mineralization widths and intercept lengths. • Mineralisation dip is steep varying from vertical to -80. Trenches were excavated to intersect mineralization as close to perpendicular as possible. • Stated in announcement.
Diagrams	• *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.*	• Plan view maps of the reported trenches are included into this announcement.
Balanced reporting	• *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.*	• All assays for diamond drilling is reported in this announcement.
Other substantive exploration data	• *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.*	• No other exploration data is applicable at this stage.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further work will be determined upon a full analysis and interpretation of results.