

TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED

DATE: 22 OCTOBER 2014

PENCIL HILL CONFIRMS POTENTIAL FOR LARGE GRAPHITE DEPOSIT WITH A PROSPECTIVE 25 KM STRIKE AS BOTWANA'S FIRST MAJOR GRAPHITE DISCOVERY

HIGHLIGHTS

Flake Size (refer Tables 1, 2 and 3, as well as Appendix A)

- Initial mineralogical investigations show presence of flake graphite sizes > 177µm (80mesh).
- Initial optical mineralogical study shows between 16.25% and up to 43.28% of the flake graphite in the 5 samples to be larger than 212µm (up to 1.7mm).

Diamond Drill Holes (refer Figure 1 and Table 4)

- Two diamond drill holes spaced 50 m apart along a fence line encountered graphite mineralization exposed in nearby trench.
- The two diamond drill holes intercepted approx. 50 % of the trenched graphite anomaly exposed at surface in nearby trench.
- Significant graphite intersections with the weighted average graphitic carbon (TGC), include:

77.0m @ 6.37% TGC (no cut off) from Hole 1 (TSDD001) including the following (at 5% cut off):

2.0m	@ 13.40% TGC
2.3m	@ 12.84% TGC
2.4m	@ 13.77% TGC
4.3m	@ 8.86% TGC
10.85m	@ 13.69% TGC

Includes 4.74m @ 17.77% TGC (at 10% cut off)

5.0m	@ 12.51% TGC
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76.4m @ 6.5% TGC (no cut off) from Hole 2 (TSDD002) including the following (at 5% cut off):

5.8m	@ 11.31% TGC
2.2m	@ 7.72% TGC
2.7m	@ 12.51% TGC
6.6m	@ 8.26% TGC
3.1m	@ 10.90% TGC
4.6m	@ 16.03% TGC
2.6m	@ 9.97% TGC
2.6m	@ 17.18% TGC

Surface Anomaly exposed by trenching

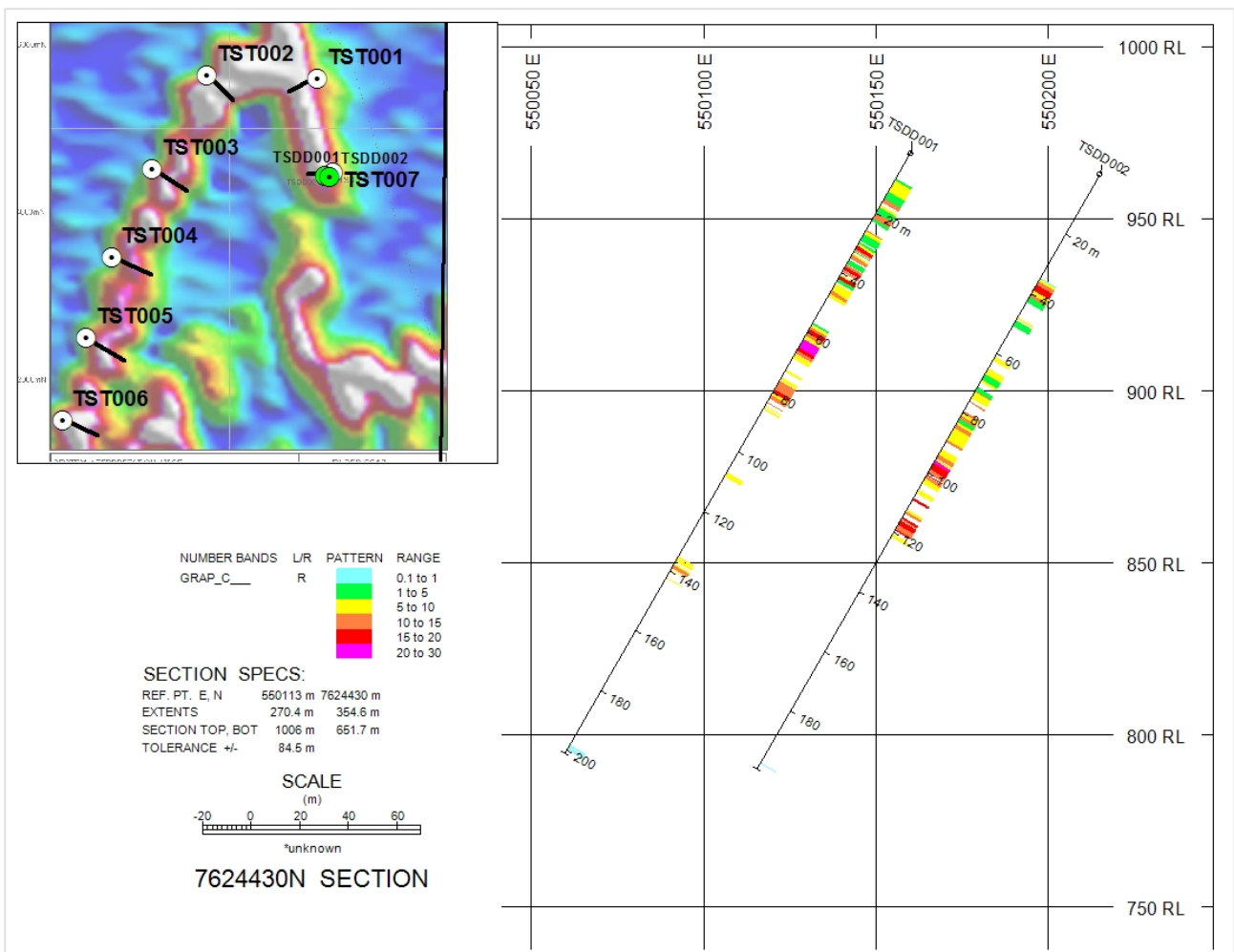
- 25km potential VTEM anomaly with 7km of trenches spaced 1km apart completed.
- All 7 trenches encountered graphite mineralisation over the strike length of 7km
- ~ 18km VTEM anomaly still to be tested on this Prospecting Licence.
- Visual graphite in the 7 trenches with widths of 3m to up to 110m in total.
- Samples from trenches sent to independent laboratory awaiting results.
- Potential for Pencil Hill to host large tonnage graphite deposit close to surface.

INITIAL EXPLORATION CONFIRMS 7 KM OF GRAPHITE 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 Booyens in Johannesburg, South Africa. All samples are from the two diamond drillholes completed on the Pencil Hill property.

Figure 1: Location map and section of the two recently completed diamond holes 50 m apart (located 1,100 m from trench TST-001) as well as seven trenches 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 grade of TGC intercepts (%) in legend (refer to table 5 for TGC laboratory assay results).



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Independent Laboratory Assays:

Laboratory Analyses provides the following better total graphitic carbon (TGC) results for each of the two drillholes (assays are weighted averages, but not true widths while missing assays are given a grade of 0 % TGC). Note that core was only sampled where visual graphite was observed (refer table 5 for laboratory assay results):

- 77.0 m @ 6.37 % TGC from 8.49 m (no cut off) in hole TSDD001 including:
 - 10.85 m @ 13.69 % TGC from 57.57 m (5 % cut off)
- 7.1 m @ 3.89 % TGC from 135.14 m (no cut off) in hole TSDD001
- 16.1 m @ 5.01 % TGC from 34.64 m (no cut off) in hole TSDD002
- 60.3 m @ 6.58 % TGC from 61.21 m (no cut off) in hole TSDD002 including:
 - 4.61 m @ 16.02 % TGC from 95.6 m (5 % cut off)

Figure 2: Graphite mineralization from Hole TSDD001.



Visual inspection of drillholes have also shown additional deeper, graphite rich sections not initially sampled, these have subsequently been sampled and sent to SGS Booyens for TGC assays. The results will be

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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 % (refer ASX announcement 23 July 2014). The Directors of Bisan are pleased with the due diligence to date and when the additional lab results and trenching results are at hand a decision will be made whether to proceed with the acquisition and shareholders will be informed.

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 Booyens in Johannesburg, South Africa completed a mineralogical and chemical investigation on five samples from the two diamond drillholes on the property.

Table 1: Flake size samples and their respective drillhole depths and TGC assay results (refer Tables 2 and 3 as well as Appendix A).

HOLE_ID	SAMPLE_ID	DEPTH_FROM	DEPTH_TO	TGC (%)
TSDD002	1099870	36.8	37.5	16.53
TSDD002	1099873	81	81.85	17.43
TSDD001	1099875	21	21.91	17.60
TSDD001	1099876	31.45	32.4	18.13
TSDD001	1099878	64.45	65.23	22.17

SGS stage crushed the 5 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.

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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, mica and feldspar. The grading analyses indicated that grade compared favourably between the sample fractions (grade increases towards the +75µm fraction and decreases towards the -53µm fraction). The optical investigation observed very few flakes >212µm and most flakes fall into the -212 +106µm range. 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.

Table 2: Grading analyses from the 5 drill core samples as completed by SGS Booyens in Johannesburg. Note that the grading analyses involve screening a representative aliquot of each sample into different size fractions. Each of these fractions is then weighed and assayed for graphitic grade (the blue values are calculated based upon mass obtained and grade % assayed) (refer Appendix A for graphs).

1099870	Mass		C		1099873	Mass		C	
			Grade	Distr.				Grade	Distr.
	g	%	%	%		g	%	%	%
+1.7mm	14.04	4.42	15.5	4.24	+1.7mm	10.94	2.20	17.2	2.21
+850µm	77.9	24.54	15.4	23.39	+850µm	106.75	21.48	16.7	20.93
+425µm	66.16	20.85	15.2	19.61	+425µm	79.43	15.98	16.4	15.29
+212µm	45.51	14.34	14.2	12.60	+212µm	67.31	13.55	17.1	13.51
+106µm	35.62	11.22	17	11.81	+106µm	125.99	25.35	19.3	28.55
+75µm	14.74	4.64	19.1	5.49	+75µm	13.59	2.73	20.3	3.24
+53µm	12.16	3.83	20.5	4.86	+53µm	14.44	2.91	18.8	3.19
-53µm	51.25	16.15	18	17.99	-53µm	78.48	15.79	14.2	13.08
Total	317.38	100.00	16.16	100.00	Total	496.93	100.00	17.14	100.00
1099875	Mass		C		1099876	Mass		C	
			Grade	Distr.				Grade	Distr.
	g	%	%	%		g	%	%	%
+1.7mm	13.1	2.62	14.4	2.35	+1.7mm	13.17	2.65	15.3	2.33
+850µm	130.28	26.05	14.2	23.08	+850µm	71.7	14.41	15	12.45
+425µm	100.04	20.00	13.5	16.85	+425µm	83.16	16.72	14	13.48
+212µm	70.75	14.15	13.8	12.18	+212µm	79.22	15.92	15.1	13.85
+106µm	57.06	11.41	17.3	12.31	+106µm	128.9	25.91	22.7	33.88
+75µm	21.42	4.28	21	5.61	+75µm	13.71	2.76	26.3	4.18
+53µm	22.14	4.43	23.3	6.43	+53µm	11.57	2.33	23.4	3.14
-53µm	85.35	17.07	19.9	21.19	-53µm	96.07	19.31	15	16.69
Total	500.14	100.00	16.03	100.00	Total	497.50	100.00	17.36	100.00
1099878	Mass		C						
			Grade	Distr.					
	g	%	%	%					
+1.7mm	4.85	1.37	21	1.30					
+850µm	35.52	10.02	20.1	9.12					
+425µm	50.97	14.39	19.3	12.57					
+212µm	51.17	14.44	20.1	13.14					
+106µm	71.09	20.06	25.9	23.53					
+75µm	29.54	8.34	29	10.95					
+53µm	23.2	6.55	27.8	8.24					
-53µm	87.98	24.83	18.8	21.14					
Total	354.32	100.00	22.08	100.00					

Table 3: Optical graphite flake length distributions from the 5 drillcore samples as completed by SGS Booyens in Johannesburg. Note that this table represents physical measurement of flake size lengths under microscope (refer Appendix A for graph).

GRAPHITE FLAKE SIZE DISTRIBUTION (AREA %)					
Flake length class (µm)	1099870	1099873	1099875	1099876	1099878
+212 µm	27.38	18.87	28.53	43.28	16.25
+106 µm	34.08	50.35	45.61	28.25	39.86
+75 µm	15.45	11.61	8.89	10.85	23.44
+53 µm	11.93	8.93	7.27	8.07	14.58
-53 µm	11.16	10.24	9.70	9.54	5.88
Total	100.00	100.00	100.00	100.00	100.00

Table 4: Completed diamond drillholes (Coordinates are from handheld GPS unit set in WGS 84 UTM Zone 35 S)

DRILLHOLE ID	AZIMUTH (MAGNETIC)	DIP	EOH	EASTING	NORTHING
TSDD001	270	-60	200.95	550160	7624422
TSDD002	270	-60	199.5	550215	7624415

Table 5: Drillhole TGC (Total graphitic carbon) and S (Sulphur) assay results for the two diamond drillholes completed on the Pencil Hill property to date (These results are downhole lengths and not true widths).

HOLEID	FROM (m)	TO (m)	S (%)	GRAPH C. (%)
TSDD001	8.49	9.00	0.02	2.11
TSDD001	9.00	10.00	0.03	5.65
TSDD001	10.00	10.63	<0.01	6.05
TSDD001	11.00	12.00	0.09	8.19
TSDD001	12.00	12.90	<0.01	8.45
TSDD001	12.90	15.16	0.01	1.37
TSDD001	15.16	16.31	<0.01	12.30
TSDD001	17.40	18.00	0.02	6.70
TSDD001	18.00	19.00	0.02	1.04
TSDD001	19.00	20.00	0.02	2.43

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TSDD001	20.00	21.00	0.02	11.10
TSDD001	21.00	22.00	0.10	14.60
TSDD001	22.00	22.57	0.27	2.07
TSDD001	25.45	26.00	0.03	12.50
TSDD001	26.00	27.00	0.01	9.82
TSDD001	27.00	28.00	<0.01	2.06
TSDD001	28.00	29.00	0.05	1.39
TSDD001	29.68	30.28	<0.01	4.01
TSDD001	30.28	31.00	0.02	7.86
TSDD001	31.00	32.00	<0.01	16.50
TSDD001	32.00	32.57	<0.01	12.70
TSDD001	32.57	33.00	<0.01	2.35
TSDD001	33.66	34.00	0.01	5.45
TSDD001	34.00	35.00	<0.01	12.50
TSDD001	35.73	36.56	0.14	2.07
TSDD001	36.56	37.08	0.14	4.89
TSDD001	37.08	38.00	0.04	12.90
TSDD001	38.00	39.00	<0.01	16.00
TSDD001	39.00	39.45	<0.01	10.60
TSDD001	40.45	41.00	<0.01	9.21
TSDD001	41.00	42.00	<0.01	15.40
TSDD001	42.00	43.00	0.18	3.17
TSDD001	43.54	44.00	0.07	9.06
TSDD001	44.00	45.00	<0.01	8.51
TSDD001	45.00	46.00	<0.01	8.49
TSDD001	46.00	47.00	<0.01	12.40
TSDD001	47.00	47.79	<0.01	5.19
TSDD001	56.66	57.07	0.03	4.11
TSDD001	57.57	58.10	0.34	8.17
TSDD001	58.10	59.00	0.22	11.20
TSDD001	59.00	60.00	0.16	16.70
TSDD001	60.00	61.00	0.16	14.60
TSDD001	61.00	62.26	0.12	5.63
TSDD001	62.26	63.00	0.05	20.90
TSDD001	63.00	64.00	0.02	20.20
TSDD001	64.00	65.00	0.57	21.10
TSDD001	65.00	66.00	0.98	16.70
TSDD001	66.00	67.00	0.17	10.80
TSDD001	67.00	68.00	<0.01	7.84
TSDD001	68.00	68.42	0.01	8.79
TSDD001	72.57	73.05	0.48	9.38
TSDD001	75.05	76.00	0.82	7.67
TSDD001	76.00	77.00	1.19	11.80
TSDD001	77.00	78.00	0.51	14.00
TSDD001	78.00	79.00	1.17	13.30

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TSDD001	80.00	81.00	0.66	9.95
TSDD001	81.00	82.00	0.55	13.90
TSDD001	83.16	83.61	0.03	12.90
TSDD001	84.49	84.72	0.89	5.04
TSDD001	85.34	85.49	0.39	7.19
TSDD001	106.74	107.50	0.81	5.05
TSDD001	107.50	108.26	0.88	5.97
TSDD001	135.14	135.61	0.17	9.54
TSDD001	135.91	136.52	0.19	6.90
TSDD001	137.54	138.00	0.18	5.80
TSDD001	138.00	139.00	0.06	11.00
TSDD001	139.00	139.37	0.11	5.39
TSDD001	142.06	142.26	<0.01	9.64
HOLEID	FROM (m)	TO (m)	S (%)	GRAPH C. (%)
TSDD002	34.64	35.20	0.10	0.69
TSDD002	35.20	36.00	0.09	7.28
TSDD002	36.00	37.00	0.09	12.20
TSDD002	37.00	38.00	0.19	15.50
TSDD002	38.00	39.00	0.18	16.60
TSDD002	39.00	40.00	0.16	8.26
TSDD002	40.00	41.00	0.11	10.20
TSDD002	41.00	42.00	0.11	2.21
TSDD002	42.00	42.64	0.13	4.09
TSDD002	47.89	48.50	0.01	8.08
TSDD002	49.00	50.00	1.20	2.17
TSDD002	50.00	50.70	1.63	1.36
TSDD002	61.21	62.00	0.95	7.16
TSDD002	62.00	62.25	0.06	9.15
TSDD002	65.23	66.00	1.84	9.08
TSDD002	66.00	67.00	1.65	6.92
TSDD002	67.00	68.00	1.09	4.69
TSDD002	68.00	69.00	0.26	4.37
TSDD002	69.00	69.40	0.08	9.81
TSDD002	71.29	72.00	1.38	4.48
TSDD002	72.00	72.70	1.48	1.29
TSDD002	72.70	73.00	0.02	13.30
TSDD002	73.00	74.00	0.80	6.51
TSDD002	74.00	74.89	0.67	7.19
TSDD002	75.90	76.32	3.36	11.70
TSDD002	79.28	80.00	1.31	11.30
TSDD002	80.00	81.00	0.89	9.79
TSDD002	81.00	82.00	0.70	13.80
TSDD002	82.00	83.00	6.83	3.29

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TSDD002	83.00	84.00	0.86	8.18
TSDD002	84.00	85.00	0.77	11.20
TSDD002	85.00	86.00	1.40	7.64
TSDD002	86.00	87.00	0.78	7.55
TSDD002	87.00	88.00	1.74	7.08
TSDD002	88.00	89.00	0.69	6.61
TSDD002	89.00	89.60	0.53	10.40
TSDD002	92.09	93.00	1.21	8.27
TSDD002	93.00	94.00	1.12	9.82
TSDD002	94.00	95.00	1.49	13.90
TSDD002	95.00	95.20	0.94	13.20
TSDD002	95.60	96.00	2.32	9.23
TSDD002	96.00	97.00	1.77	22.10
TSDD002	97.00	98.00	1.52	12.70
TSDD002	98.00	99.00	1.60	16.80
TSDD002	99.00	100.21	1.72	13.90
TSDD002	100.76	101.00	1.60	17.30
TSDD002	101.00	102.00	1.97	13.60
TSDD002	102.00	103.00	1.15	5.47
TSDD002	103.00	103.40	2.36	7.77
TSDD002	105.57	106.00	3.78	9.16
TSDD002	106.00	106.82	3.18	9.81
TSDD002	108.43	109.08	1.23	17.80
TSDD002	112.38	113.00	1.14	9.18
TSDD002	113.00	113.63	1.73	13.60
TSDD002	114.88	115.50	2.08	15.10
TSDD002	115.50	116.00	2.89	13.50
TSDD002	116.00	117.00	2.30	19.20
TSDD002	117.00	117.44	2.62	16.90
TSDD002	117.67	118.00	3.74	10.50
TSDD002	118.00	119.00	2.01	11.10
TSDD002	119.00	119.29	1.49	15.10
TSDD002	120.70	121.50	1.60	7.48

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Competent Person Statement

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

For further information please contact the company on +613 9855 1886.

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 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.

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%.

Appendix A: Flake size graphs

Figure A1: Grading analyses from the 5 drill core samples as completed by SGS Booyens in Johannesburg. Note that the grading analyses involve screening a representative aliquot of each sample into different size fractions. Each of these fractions is then weighed and assayed for graphitic grade (refer Table 2).

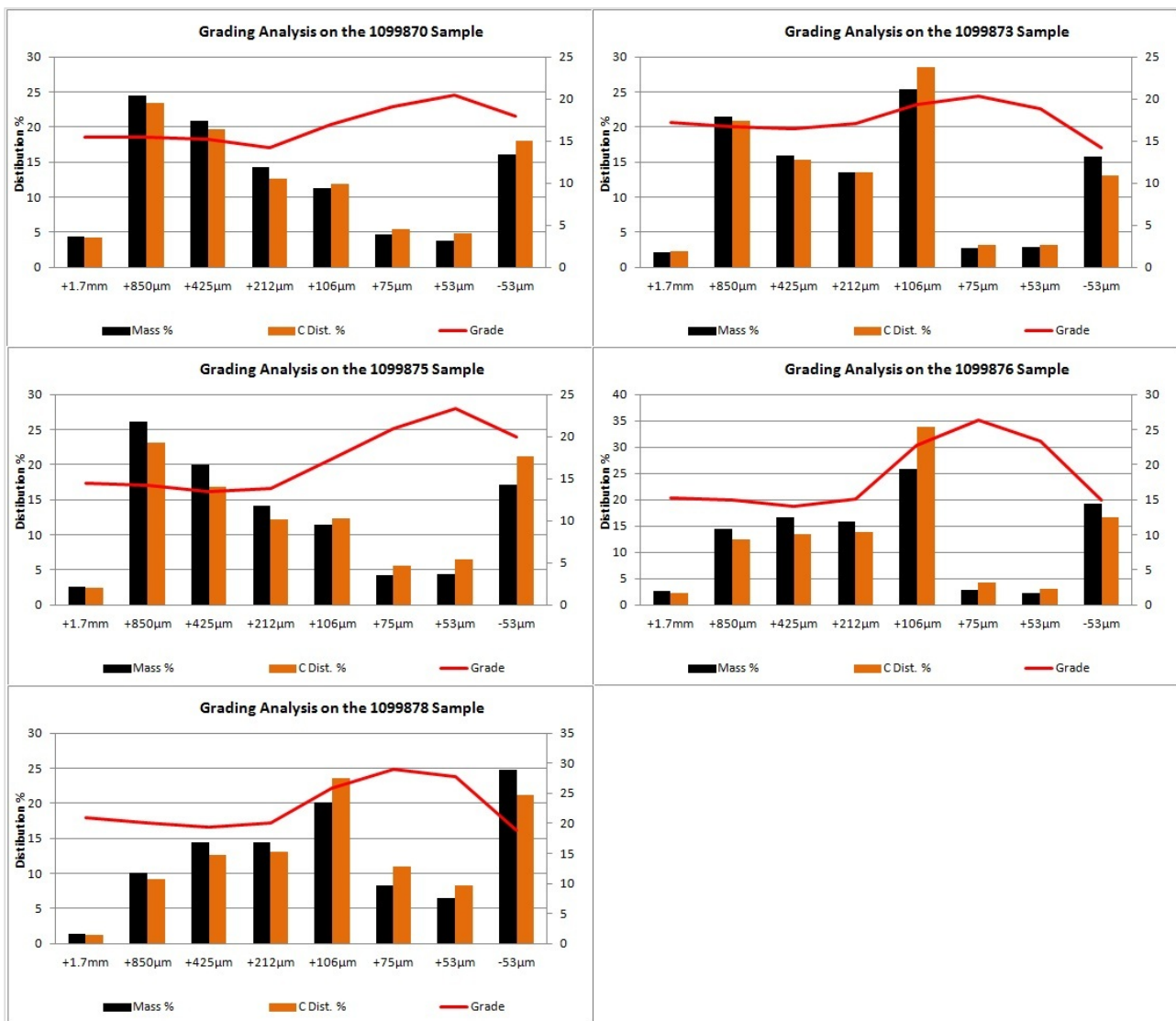
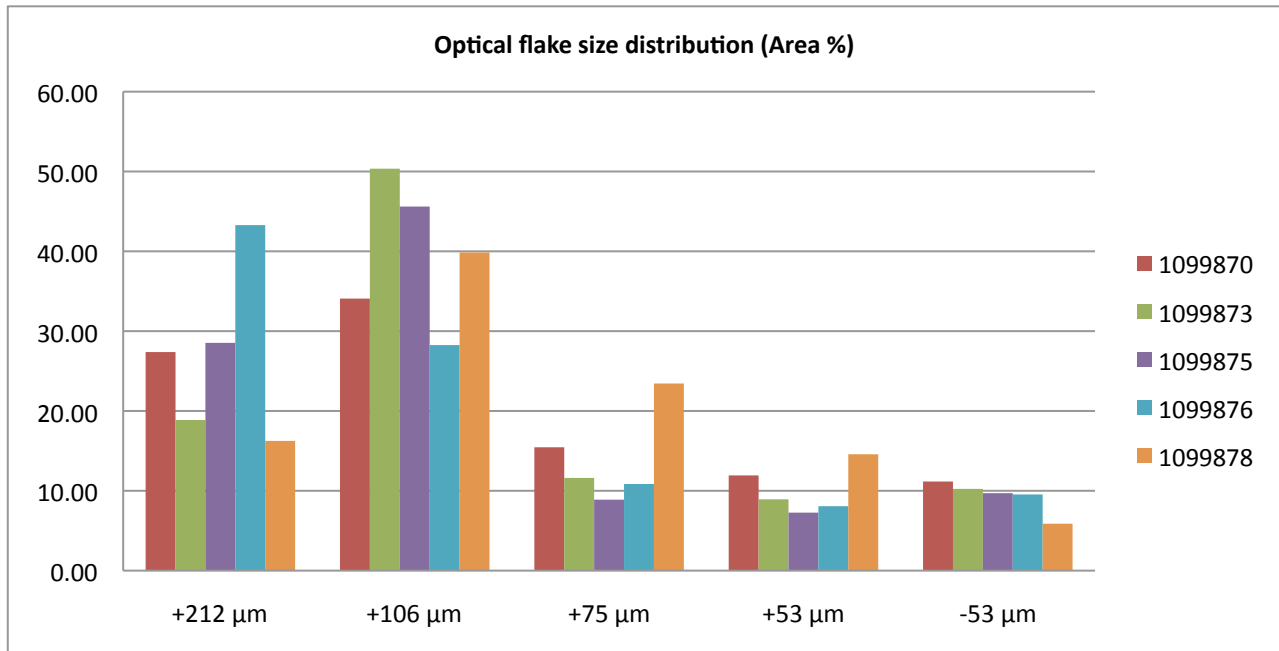


Figure A2: Optical graphite flake length distributions from the 5 drillcore samples as completed by SGS Booyens in Johannesburg. Note that this graph represents physical measurement of flake size lengths under microscope (refer Table 2).



Appendix B: 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Sample results reported in this release are from 2 diamond drillholes. Samples were taken from diamond drillholes where visual graphite was observed. Graphite mineralization was easily recognized in drillcore through visual observation and assayed by Leco at SGS Booyens in South Africa. Drillcore was cut with a diamond blade into half core sizes – half core was sent to the lab for TGC assays.
Drilling techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> HQ diamond drilling. Core is oriented and holes are not surveyed for deflections at depth.
Drill sample recovery	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Runs were measured by geotechnician and geologist on site. Drilling contractor was requested to take extra care as soon as graphite indications were intercepted. No relationship exists between sample recovery and grade.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate 	<ul style="list-style-type: none"> All drillholes were logged to a resource estimation standard and recorded lithology, mineralogy, mineralisation, weathering, colour and

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Criteria	JORC Code explanation	Commentary
	<p><i>Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <ul style="list-style-type: none"> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	<p>other features of the host rock.</p> <ul style="list-style-type: none"> Geological descriptions of the mineral occurrence and abundances are semi-quantitative. Complete drillholes were logged.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <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> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Core was cut by diamond core cutter and half core was assayed for Total Graphitic Carbon assays (TGC). n/a Samples were prepared by SGS Booyens 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	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <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> <i>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.</i> 	<ul style="list-style-type: none"> 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 Drillcore 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 of sampling and	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> 	<ul style="list-style-type: none"> All procedures are verified by Nico Scholtz an independent geological consultant. n/a

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assaying	<ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Drillhole 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The reported holes are spaced 50 m apart on an E-W fence line. The data spacing of drillholes are adequate to test the Geotem anomaly only, only after additional drilling has been completed and modeled can be ascertain grade continuity. No sample compositing has been applied.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> 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
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 QPene has established a good working relationship with local stakeholders.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Minimal data was acquired from Botswana Metals Limited from their base metals exploration. None was on graphite exploration
<i>Geology</i>	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> 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.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> A summary Table of the completed drillholes are included in this announcement.
<i>Data</i>	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, 	<ul style="list-style-type: none"> Stated in announcement

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aggregation methods	<p><i>maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> n/a No metal equivalent values are used.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> 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'). 	<ul style="list-style-type: none"> There is no relationship between mineralization widths and intercept lengths. Mineralisation dip is steep varying from vertical to -80. Holes were drilled to intersect mineralization as close to perpendicular as possible. Stated in announcement.
Diagrams	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Plan view maps of the reported trenches are included into this announcement.
Balanced reporting	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All assays for diamond drilling is reported in this announcement.
Other substantive exploration data	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No other exploration data is applicable at this stage.
Further work	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Further work will be determined upon a full analysis and interpretation of results.