ASX RELEASE
6 August 2018
ASX Code: POZ

Trenching Discovers New and Extensive Shallow Gravel Targets at Blina Diamond Project

HIGHLIGHTS

- Trenching program identifies new and extensive areas of untested, shallow alluvial gravels in historically diamondiferous channel complex, 12km west of the previous Ellendale 9 diamond mine.
- 209 metres of trenching across twelve sites has exposed areas of highly prospective, free digging gravels (do not require blasting) within 0.3 metre of the surface. 2.4 million square metres of untested gravel target generated: 'Area A'
- Much of the material previously logged as weathered material, has been re-interpreted as alluvial gravels (with laterite overprint), greatly increasing the area and thickness of the diamondiferous gravel target zones
- Numerous target sites confirmed with excellent bedrock features for bonanza grade 'trap sites' to occur
- Very limited historic sampling of nearby gravels returned good diamond grades of up to 10.5 carats per hundred cubic metres
- Recent valuation of diamonds from the historic Blina alluvial gravels was **US$389 per carat** (A$505 per carat), a 63% increase on the previous price of US$238 per carat made when previous Blina exploration was curtailed in 2006
- In the light of these trenching results the Company now proposes to pursue a systematic bulk sampling of all prospective gravels in the Blina area

Photo 1: Trenching Underway at POZ Blina Diamond Project

	
POZ Geologist Michael Denny conducting recent trenching operations at Blina	Trench 2, a new and untested gravel terrain has been defined with rounded gravel clasts within 0.3 of a metre from surface

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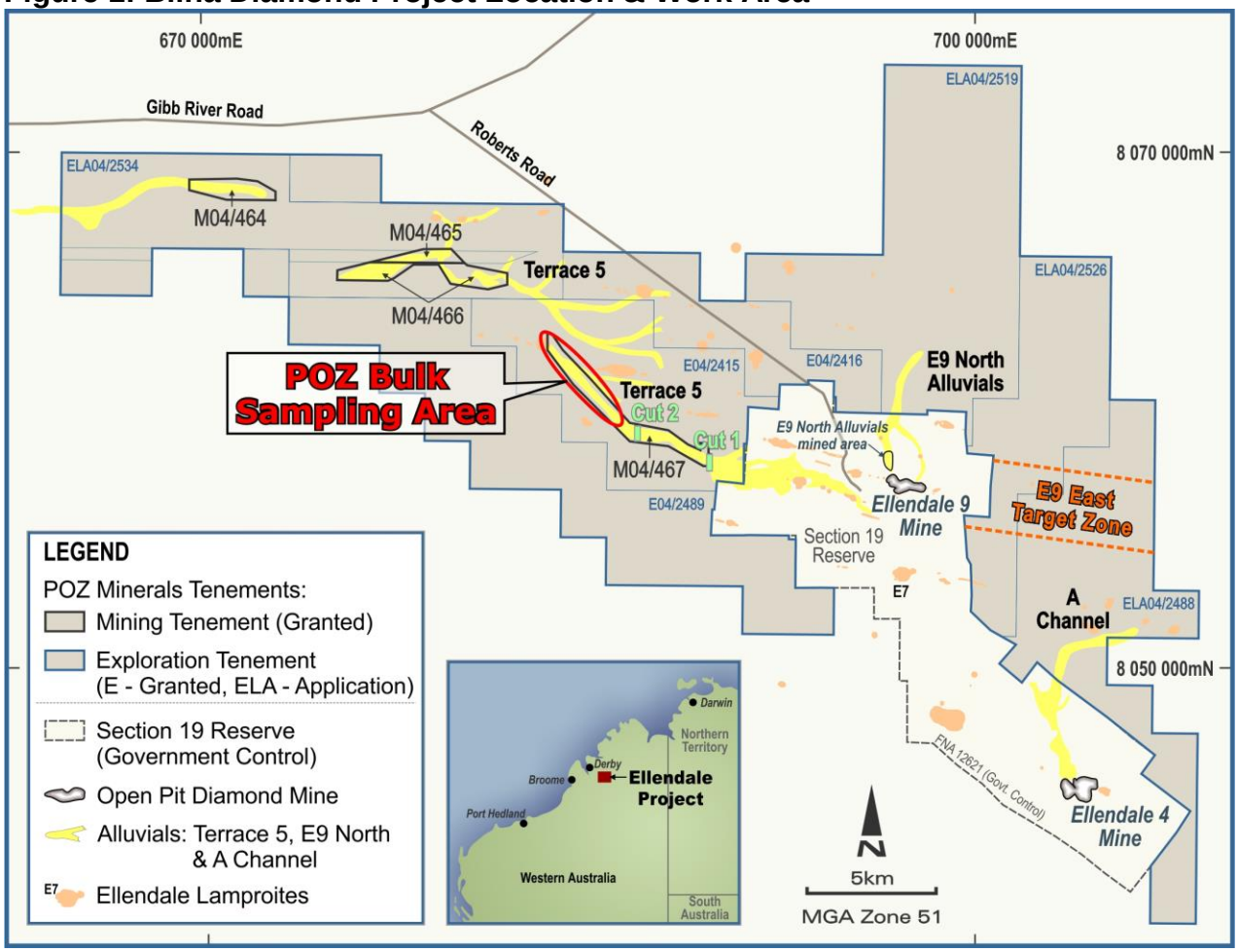
Figure 1: Blina Diamond Project Location & Work Area



1.0 Introduction: Blina Diamond Project, WA POZ 100%

POZ Minerals Limited ('POZ' or the 'Company') Blina Diamond Project in the Ellendale Diamond Province of WA's Kimberley Region is 100% owned by POZ. The project consists of four granted mining leases and various exploration leases within an area of 436 km^2, situated 110km east of Derby.

A diamond bearing alluvial palaeochannel named Terrace 5 extends over some 40km of the POZ project area, with ancient gravel areas still to be defined. The largest diamond recovered to date from Terrace 5 weighed 8.43 carats[1], with stones larger than two carats common, a significant number of the stones are Fancy Yellows.

A recent POZ Minerals trenching program to ground truth various targets has discovered extensive areas of unsampled, shallow and highly prospective alluvial gravels.

2.0 Blina Phase 1 Trenching Operations

The Company is pleased to announce the completion of a highly successful trenching program which commenced on 24 July at the Blina Diamond Project. The aim of this program was to test and delineate the geology of diamond bearing target channels and trap sites to assist in planning future bulk sampling operations.

A total of 12 Trenches were excavated for 209 metres in length. All the trenches have been logged and recorded and the deeper trenches have been backfilled and rehabilitated. Some shallower trenches remain open and these have been bunded for safety purposes.

These trenching operations have identified extensive new areas of previously untested, shallow and highly prospective gravels, all of which are free dig (they do not require blasting). The shallowest of these areas (in Trench 1) are within 0.3 of a metre from the surface. No water was encountered in any of the trenches.

Table 1: Summary of POZ Trenching Results

Trench Number	Area	Gravel Depth from Surface		Gravel Thickness		Trench Length
		From (m)	To (m)	From (m)	To (m)	(m)
Trench 1	Gravel Target A	0.3	0.6	0.8	2.0	64
Trench 2	Gravel Target A	0.4	0.5	1.1	2.0	20
Trench 3	Gravel Target A	0.3	0.4	1.0	1.5	25
Trench 4	Channel 1	1.2	1.4	1.1	1.3	20
Trench 5	Channel 1	1.0	1.1	1.1	1.2	12
Trench 6	Channel 1	1.1	1.2	0.5	1.3	10
Trench 7	Channel 1	1.1	1.2	2.1	2.2	12
Trench 8	Channel 1	0.9	1.2	1.6	1.7	14
Trench 9	Channel 1	1.3	1.6	1.2	1.4	9
Trench 10	Channel 1	3.0	3.1	2.5	2.9	11
Trench 11	Channel 2	0.2	0.3	1.5	2.0	10
Trench 12	Channel 1	Gravels appear to have been altered to duricrust, not suitable for bulk sampling				2
Total						209

Videos of the trenching operations will be placed on the Company's website on 6 August click here

2.1 Lateritic Overprinting of Alluvial Gravels

POZ geologists have concluded that some of the material which was previously logged as laterite/pisolite/mottled zone is in fact alluvial gravel which has been overprinted by a lateritisation (chemical weathering) event(s) which gives a mottled appearance.

Upon careful inspection, alluvial textures and exotic clasts of rounded quartz and basement are visible within these shallow areas. These lateritised gravels grade downwards into fresher and more obvious gravels below (Figure 3).

This is of great importance because it means that much of the material previously logged as laterite/mottled zone, may in fact be diamondiferous alluvial gravel. This breaks open the project area to new exploration and targeting, because it greatly increases the areas and thicknesses of alluvial gravel targets.

The laterite pisolites (rounded iron pea type material) within the gravels appear to have two sources:

- Transported pisolites from the Permian (circa 300 Ma) which have become part of the alluvial gravel wash which may also contain freely distributed alluvial diamonds.

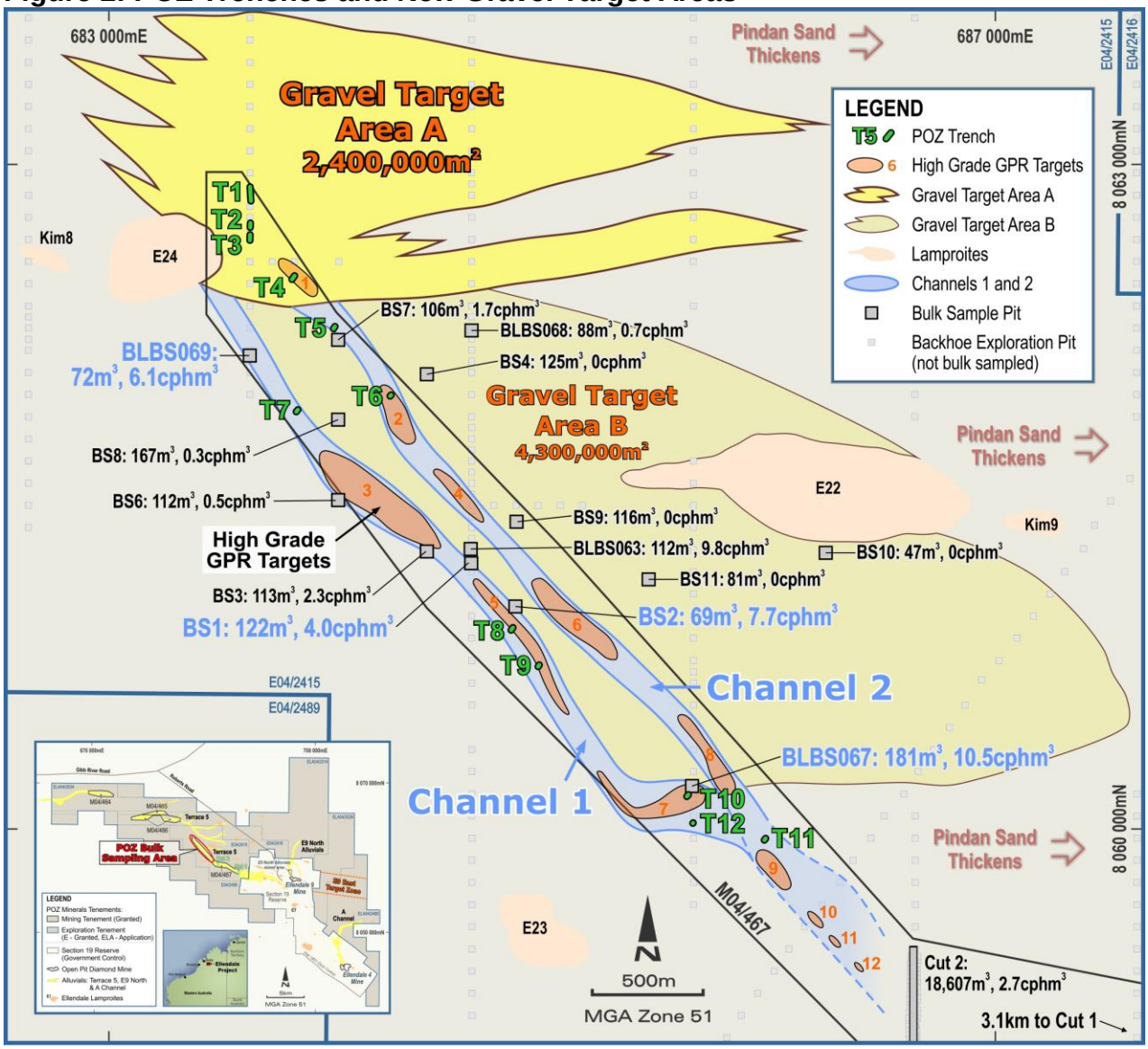
- In-situ Miocene (circa 5-22 Ma) pisolites which have formed in-situ as part of the lateritisation process which post-dates the alluvial gravels. These pisolites tend to be more in the upper (more lateritic) portions of the gravels.

The duricrust material which overlies the laterite is an iron hardcap or ferrocrete, it is massive and is not suitable for bulk sampling operations as it is difficult to treat.

3.0 Gravel Target Areas A & B

Observations from the POZ trenching and a re-interpretation of the logs from previous pitting operations have been used to define two new target areas: Gravel Target Areas A and B:

Figure 2: POZ Trenches and New Gravel Target Areas



3.1 Gravel Target Area A

Gravel Target Area A is 2.4 million square metres of interpreted alluvial gravels, with gravel thicknesses estimated at between 0.8 and 2.5 metres (average 1.3 metres). No bulk sampling has ever been conducted over this area and these gravels are completely untested. The gravels are extremely shallow being within 0.3 of a metre from the surface as observed in POZ Trenches and around two to three metres from the surface over other parts of Area A as interpreted from previous backhoe exploration pit logs (Figure 2).

POZ Trenches 1, 2, 3 and 4 intersected Area A type gravels and an interpretation of the geology within Trench 1 is shown in Figure 3. The gravels average around 60% clasts to 40% matrix and are mostly clast supported. Gravel clasts are approximately 70% laterite pisolites, 23% shale, 3% sandstone and 3% quartz. Clasts are 3mm to 150mm, well rounded to sub-angular. The matrix is an orangey-red, silty sandy clay.

This area shows excellent potential as a target for diamond bearing alluvial gravels, especially due to its shallowness, prospective geology and trap sites, gravel quality and proximity to the diamond bearing Channel 1 gravels.

Gravel Target Area A - Untested Gravels in Trenches 1 and 4:

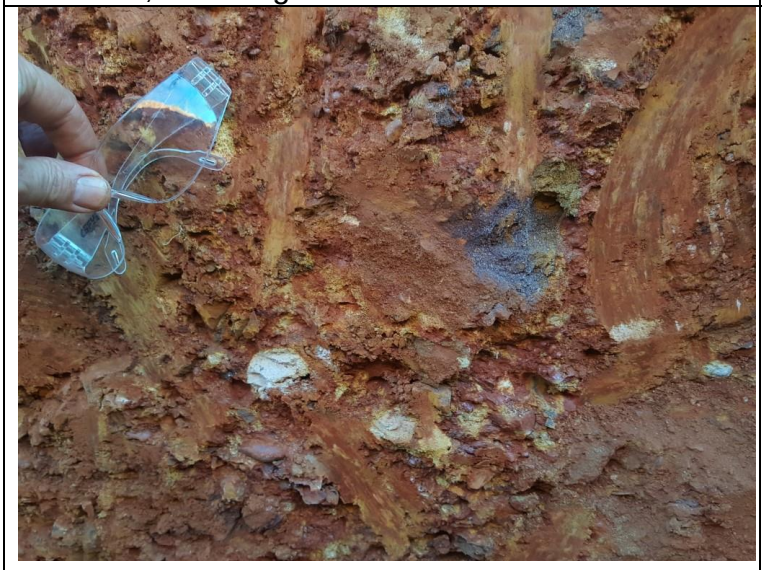
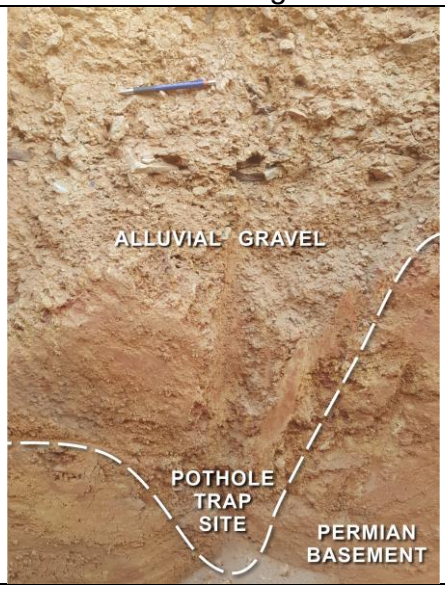
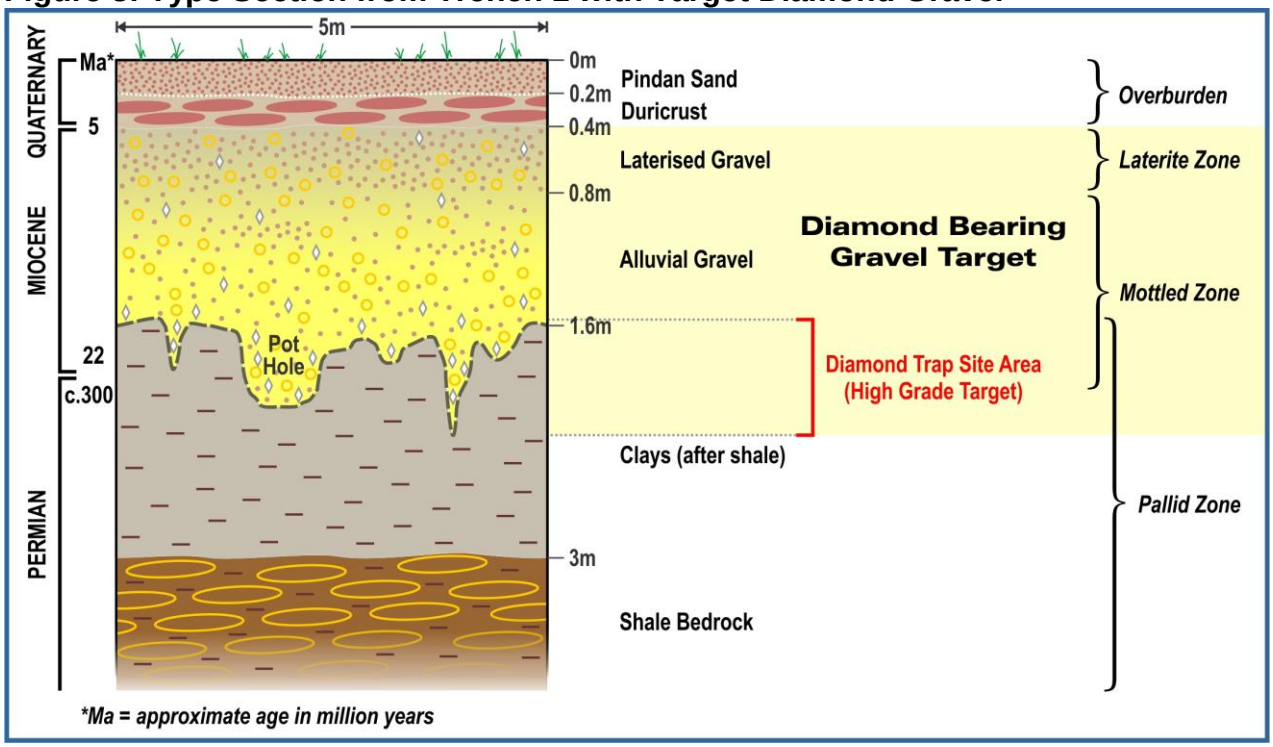
<table>
<tr><td>  </td><td>  </td></tr>
<tr><td>Trench 1, Alluvial gravels within 30cm of surface</td><td>Trench 1 rounded gravel clasts</td></tr>
<tr><td>  </td><td> 
</td></tr>
<tr><td>Trench 4 rounded gravel clasts, many of which are partly saprolitised (turned to clay by weathering)</td><td>Trench 1 showing pothole type trap site in gravel</td></tr>
</table>

Figure 3: Type Section from Trench 1 with Target Diamond Gravel



3.2 Gravel Target Area B

Gravel Target Area B targets approximately 4.3 million square metres of interpreted alluvial gravels with gravel thicknesses estimated as between 0.5 and 1.8 metres (average 1.2 metres). The gravels are shallow being on average within two to four metres from the surface.

POZ did not Trench Target Area B, however the lessons learned from the other POZ trenches, especially the proximal Channel 2 trenches) have been used to re-interpret the data from previous operators extensive pitting operations (Figure 2) and generate Target Area B.

Very limited bulk sampling has been conducted by previous operators over Area B, the best result was Bulk Sample 63 which returned a grade of 9.8 carats per hundred cubic metres with the largest diamond being 2.85 carats. Average stone size was 0.58 carats.

The eight previous samples taken over Area B totaled 842 cubic metres of treated material. The Company considers this to be a manifestly inadequate number of samples and volume of material for a target area of over 4.3 million square metres.

All of the results from Area B bulk sampling operations are shown on Figure 2, these were reported in the POZ ASX Release dated 18 October 2017[4] click here.

4.0 Channels 1 and 2 Trenching

POZ divided the original Terrace 5 area into two channels (1 and 2) based upon Ground Penetrating Radar (GPR)[4] results and these two channels were partially tested by the recent POZ trenching program (Figure 2).

Trenches 5 to 11 were dug into Channels 1 and 2 and all of these trenches encountered alluvial gravels (Table 1) which are prospective for diamonds and need to be tested by future bulk sampling operations. At Trench 12, the alluvial gravels had been turned into duricrust as a result of the lateritisation process, these gravels are massive and blocky and are not suitable for bulk testing.

Very limited bulk sampling has been conducted by previous operators over Channel 1 where a total of four bulk sample were taken with the results shown in Table 2. The best result was Bulk Sample 67 which returned a grade of 10.5 carats per hundred cubic metres with the largest diamond being 1.42 carats, average stone size was 0.4 carats.

All of the results from the previous bulk sampling operations are shown on Figure 2, these were reported with JORC Table 1 in the POZ ASX Release dated 18 October 2017[4] click here.

Table 2: Previous Diamond Bulk Sampling Results from Channel 1

Bulk Sample ID	Sample Volume (cubic metres)	Diamonds Recovered (carats)	Diamond Grade (carats per hundred cubic metres)	Average Diamond Size (carats)	Largest Diamond (carats)
BLBS067	181	18.98	10.5	0.40	1.42
BLBS069	72	4.39	6.1	0.63	1.87
BS1	122	4.95	4.0	0.31	1.57
BS2	69	5.34	7.7	0.38	1.03
Total	**444**	**33.66**	**6.8**	**0.43**	**1.87**

NB: Pits prefaced with BLBS were Kimberley Diamonds Limited
Pits prefaced with BS were Diamond Ventures NL
Screen size +1.5mm to 10.0mm
Average diamond size is not weighted

The four previous samples taken in Channel 1 totaled 444 cubic metres. The Company considers this to be too small a volume of sampled material to determine representative diamond grades for a target area which is over 450,000 square metres.

Channel 2 covers an area of 520,000 square metres, this area has never been bulk sampled and is untested.

Gravel Target Area B - Gravels in Trenches 6 and 7:

	
Trench 6: partially lateritised rounded gravel clasts	Trench 7: alluvial gravels with rounded cobbles

5.0 Ground Penetrating Radar and Trenching

The recent POZ trenching has been a useful exercise in calibrating the earlier Ground Penetrating Radar (GPR) geophysics work[4] and a number of valuable observations have been made:

- Depending on the area which is being tested, the GPR has been effective at picking the bedrock/cover (gravel or alluvium) interface.
- In some areas, the GPR is modelling the fresh bedrock - weathered bedrock (saprolite) contact.
- The GPR appears to pick up the duricrust (laterite hard cap) effectively.

High grade targets modelled from GPR were tested by Trenches 4, 6, 8, 9 and 10 and all of these trenches successfully intersected alluvial gravels and at shallower depths (Table 1) than were modelled, which perhaps indicates the GPR is showing deeper targets than is the actual case.

However, only small areas of these GPR targets were able to be tested by this limited program and the deepest GPR targets require some element of overburden stripping which this trenching program did not have the capacity to accomplish. These deeper targets will be the objective of future programs. Further delineation of these deeper targets by pitting (preferably in conjunction with bulk sampling) is still required to better assess these potential trap sites.

The GPR has shown itself to be a valuable tool in assessing the geology of the area, further work is required in reconciling the GPR with various trenching data and how the GPR responds to the different terrains and variable weather and groundwater conditions at Blina.

6.0 Summary and Lookahead

Very large areas of untested or inadequately tested diamond gravel targets have been defined by the recent trenching program and by re-interpretation of earlier work. The Company believes that a systematic program of bulk testing of these gravels is required over Gravel Targets A and B and Channels 1 and 2 in order to determine representative diamond grades.

Some of the previous tested grades from these areas are extremely encouraging, up to 10.5 carats per hundred cubic metres. This is especially promising in the light of a recent independent appraisal of a 1,497 carat parcel of diamonds previously mined from Terrace 5 which gave a valuation of US$389 per carat (A$505 per carat)[5].

In the light of these trenching results the Company now proposes to pursue an expanded program of systematic bulk sampling of prospective gravels in the Blina area to define the real extent and grade of diamondiferous gravels in the Blina area, and to that end is currently progressing funding options.

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References:

[1]Further detailed information including the Table 1 (JORC Code, 2012 Edition) and references are available on the POZ ASX Release dated 9 October 2015 click here

[2]Blina Diamonds NL Annual Report 2007

[3]Kimberley Diamonds Ltd (ASX: KDL) ASX/Media Release dated 11 June 2013

[4]Blina Diamond Project, Gamechanger GPR Survey; POZ ASX Release dated 18 October 2017 click here

[5]Blina Diamond Project Fancy Yellows Value; POZ ASX Release dated 6 November 2017 click here.

Maiden JORC Exploration Target; POZ ASX Release dated 21 November 2017 click here

Bulletin 132 (Geological Survey of Western Australia); The kimberlites and lamproites of Western Australia by A.L. Jaques, J.D. Lewis and C.B. Smith.

The information in this report that relates to current and previously reported exploration results and the JORC Exploration Target is based on information compiled by Mr. Jim Richards who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr. Richards is a Director of POZ Minerals Limited. Mr. Richards 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 Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Richards consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

[A]*The Company is not aware of any new information or data that materially affects the information included in the previously reported exploration and production data (JORC 2004) and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement/year have not materially changed*

No New Information

To the extent that the announcement contains references to prior technical information, exploration results and mineral resources; these have been cross referenced to previous market announcements made by the Company. These had been disclosed to JORC 2012 standard. Unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements that assumptions and technical parameters underpinning the relevant market announcement continue to apply and have not materially changed.

APPENDIX A: Locations of Centroids for Bulk Sampling/Mining

Trench Number	Trench start		Trench end		Trench Length
	mE	mN	mE	mN	m
Trench 1	683637	8062899	683641	8062835	64
Trench 2	683638	8062715	683638	8062735	20
Trench 3	683637	8062657	683637	8062682	25
Trench 4	683826	8062481	683838	8062497	20
Trench 5	684013	8062258	684020	8062268	12
Trench 6	684269	8061955	684273	8061959	10
Trench 7	683845	8061883	683853	8061893	12
Trench 8	684814	8060898	684823	8060909	14
Trench 9	684937	8060733	684942	8060740	9
Trench 10	685608	8060147	685615	8060155	11
Trench 11	685957	8059950	685963	8059958	10
Trench 12	685635	8060026	685636	8060028	2
Coordinate system: MGA94 zone 51				Total	209

Appendix B
JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling Techniques	This trenching program was undertaken for the purposes of geological mapping and gravel delineation. No sampling was undertaken.
Drilling Techniques	Trenching was undertaken using a 25 tonne Volvo EC240CL excavator using a ~2300mm batter bucket, a 1260mm GP bucket, and an 860mm trenching bucket.
Drill sample Recovery	Not applicable to a trenching program.
Logging	Trenches were geologically logged during drilling. Mineral resource estimations and mining studies are not applicable at this stage of exploration, and metallurgical studies have already been undertaken. Where relevant, photos were taken of trenches and of trench lithologies. Rehabilitated (infilled and smoothed) trenches were photographed.
	Trench logging was quantitative in nature. Information collected includes: weathering, lithology, colour, texture, mineralogy, gravel composition and percentage of clasts, interpretation, suggested sample intervals, comments.
	All trenches were logged in full. A summary of gravel thicknesses and depths are shown in Table 1 of the above report
Sub Sampling Techniques and Sample Preparation	No subsampling was undertaken.
Quality of assay data and laboratory tests	Not applicable: trenches were dug to test geology, not for laboratory analysis.
Verification of sampling and assaying	Not applicable. Logging data was initially recorded on paper logging sheets which have subsequently been scanned to pdf and saved on the Company server. Paper logs are stored in the POZ office.
Location of Data points	Trench start points were captured at trench completion by hand-held GPS
	Grid system is MGA94 zone 51
	The terrain is generally flat. Topographic control is available via DEM and aerial photography and is deemed sufficient for this level of exploration result reporting.
Data spacing and distribution	Trench locations are shown in the above report
	Not applicable: POZ will not use these samples to as part of a Mineral Resource and Ore Reserve estimation procedure.
	No compositing has been applied.
Orientation of data in relation to	Trenches are vertical whereas the palaeogravels they are mapping are horizontal. It is unlikely this will result in any sampling bias.

Criteria	Commentary
geological structure	Trenches are orthogonal to Terrace 5 palaeogravels: no sampling bias is expected.
Sample Security	No samples were collected.
Audits or reviews	Not applicable to the aims of this trenching program.

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	M04/467 was granted on 13th October 2017 with no conditions and is held 100% by POZ Minerals Limited.
	M04/467 is granted with no impediments. E04/2415 is a granted exploration licence.
Exploration done by other parties	A number of companies have previously completed exploration in the Ellendale Field. The following is a summary of this work. **Ashton Joint venture (1976-1988)** Initial regional drainage diamond exploration program discovered Ellendale 4 (E4) pipe. Follow-up geophysical surveys discovered 40 more pipes; bulk sampling revealed significant diamond grades at E4 and E9. **Stockdale Prospecting Limited (1987-1993)** Regional loam sampling; airborne multi-spectral scanning; aeromagnetics; ground magnetics; SIROTEM; drilling; bulk sampling. **Diamond Ventures/Ellendale Resources/Auridiam (1994-1997).** Accession report a64924. Initial JV flew detailed low-level aeromagnetic survey, discovering five new lamproite pipes; bulk testing of pipes. **Kimberley Diamond Company Limited (KDC) (1994-2004).** Accession reports a42864, a47812, a51360, a54883, a57833, a59481, a59998, a61480, a62589, a64735, a64924. Airborne EM and magnetics with follow-up ground magnetics; gravity surveys; AC drilling to discover and delineate the Terrace 5 palaeodrainage gravels; exploration pitting and bedrock interface sampling; large-diameter drilling and bulk sampling; geochemical (termite nest and AC spoil) sampling programs; GPR trial; regional regolith mapping and Landsat imagery. **KDC-Blina Diamonds NL (2004)** Accession report a69826. Drilling of Falcon geophysical targets; heavy mineral sampling; termite mound geochemical sampling. **Blina Diamonds NL (2005-2008)** Accession reports a70125, a70543, a72738, a74960, a77881, a78278, a86615, a93271. Cut 1 and Cut 2 bulk samples; detailed aeromagnetic and ground magnetic surveys; AC drilling; bulk sampling and trenching; 1m and 2.5m Bauer rig drilling; geochemical, microdiamond, and indicator mineral sampling; excavator exploration test pitting.
Geology	The Blina Diamond Project is a diamond-bearing palaeogravel in which the majority of diamonds are derived from the Ellendale 9 lamproite pipe (POZ ASX announcement dated 06 November 2017, section 3.3).
Drillhole Information	See Appendix A
Data aggregation methods	These criteria are not applicable.

Criteria	Commentary
Relationship between mineralisation widths and intercept lengths	Reported gravel intercepts are true widths.
Diagrams	Refer to **Figures, References** and **Appendices in** body of text.
Balanced reporting	All trenches from this campaign are recorded in this Announcement.
Other substantive exploration data	See previous ASX announcements dated 9 October 2015, 16 October 2017, 18 October 2017, 6 November 2017, 22 November 2017, 7 December 2017, 12 February 2018, 21 March 2018, 30 April 2018, 2 May 2018, 18 May 2018, 12 June 2018, 19 June 2018, and 31 July 2018
Further work	A full bulk sampling and trial mining operation is planned for Terrace 5 in 2018. Refer to POZ Investor Presentation, RIU Sydney Resources Round-up.

END