

POZ to Bid for the Ellendale Diamond Mine

HIGHLIGHTS

- POZ will participate in the Expressions of Interest (EOI) process in a bid to secure the former Ellendale Diamond Mine in the Kimberley Region of Western Australia
- The Ellendale Project was mined from 2002 to 2015 and previously produced about half of the world's highly valued fancy yellow diamonds. The mine included US jeweller Tiffany & Co as a major client
- The Ellendale Diamond Mine area is surrounded by the POZ Blina Diamond Project. The joining of these two diamond projects under common ownership would create significant commercial advantages and synergies
- The Company believes that the acquisition of the Ellendale Diamond Mine lease would be transformative for POZ both technically and corporately
- POZ has already negotiated a Mining Agreement with the local Bunuba Traditional Owners over the adjacent Blina Project which has resulted in granted mining leases. The Company is very well placed to do the same for the Ellendale Diamond Mine
- POZ Directors Jim Richards and Grant Mooney will be joining government DMIRS officers and other interested parties for a field visit of the Ellendale site on 18/19 September to assess the potential of the area prior to a POZ application under the EOI process.
- The State Government is expected to select a company from the EOI submissions early in 2019

Ellendale 9 Diamond Mine



1.0 Ellendale Diamond Mine Lease

Expressions of Interest (EOI)

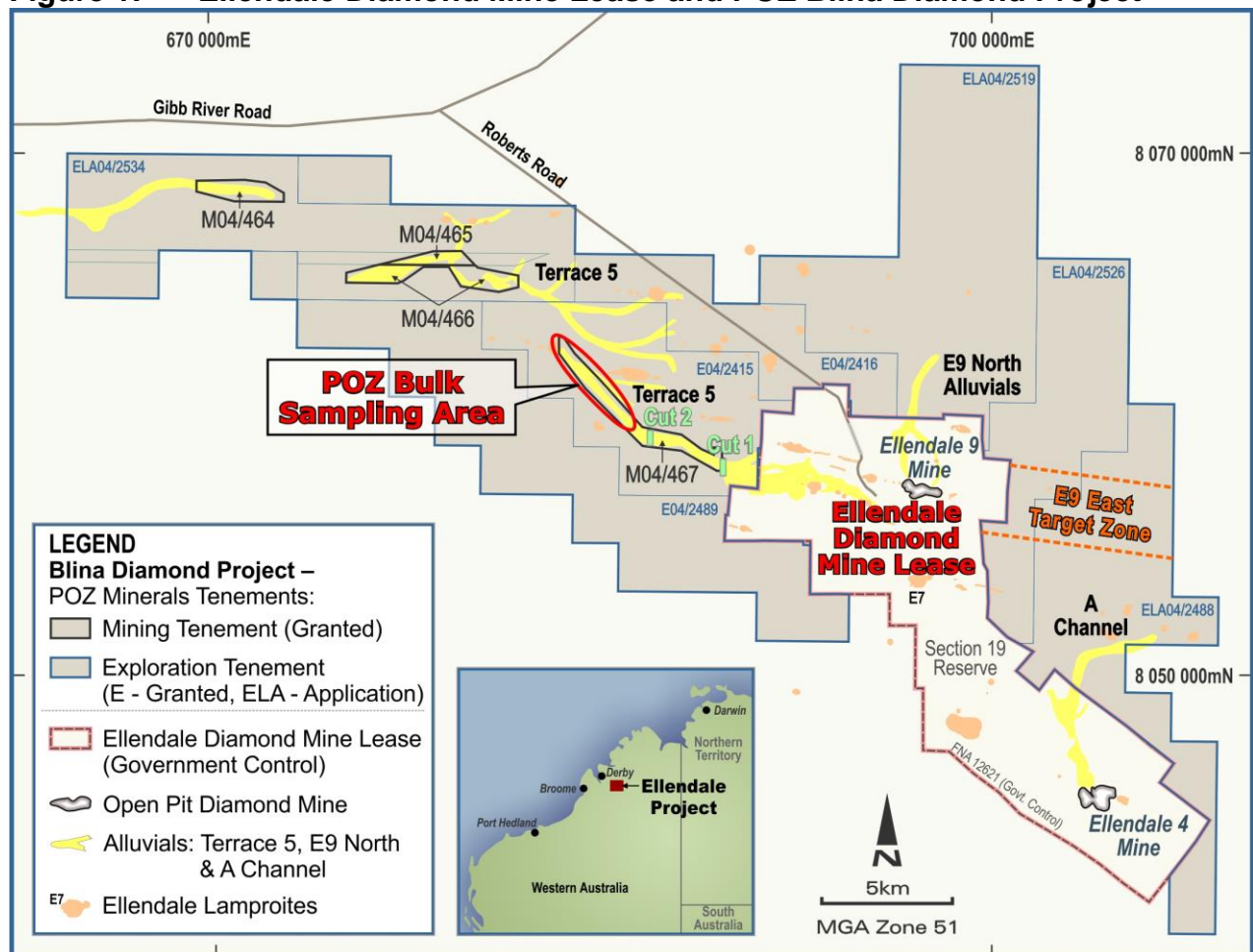
The West Australian State Government has recently called for Expressions of Interest (EOI) to reopen the former Ellendale Diamond Mine ('Ellendale Project') in the Kimberley Region of Western Australia.

The Ellendale Project was mined from 2002 to 2015 and produced about half of the world's highly valued fancy yellow diamonds. The mine included US jeweller Tiffany & Co as a major client.

POZ Minerals Limited ('POZ' or the 'Company') is the developer of the Blina Diamond Project ground which surrounds the Ellendale Project. POZ believes it is extremely well placed and eminently qualified to operate the Ellendale Project to the benefit of all stakeholders and the Company will lodge an EOI for Ellendale prior to 30 November 2018 which is the closing date.

The State Government is expected to select a company from the EOI submissions early in 2019 and will invite that company to apply for a new mining lease over the Ellendale Project area.

Figure 1: Ellendale Diamond Mine Lease and POZ Blina Diamond Project



2.0 Ellendale Diamond Mine Lease EOI Process

Expressions of Interest (EOI) over the Ellendale Project were called for by the WA State Government on the 20 August 2018, submissions will close on 30 November 2018. EOI's will be evaluated by a panel of Department of Mines, Industry, Regulation and Safety (DMIRS) experts before being presented to the Minister for consideration.

The Minister for Mines and Petroleum is expected to select a company from the EOI submissions early in 2019 and will invite the company to apply for a new mining lease. The [EOI details](#) are available on the WA tenders website, Ellendale information sheets are available for [download](#) and a full recently published geological summary of the Geology, Resources and Exploration Potential of the Ellendale Diamond Project is also available for free download as [Record 2018/8](#).

3.0 POZ Minerals EOI for Ellendale Diamond Mine

DMIRS will evaluate a number of criteria when assessing any submissions in the EOI process and POZ believes it is extremely well placed as a participant in the process for the following reasons:

1. POZ is already developing the Blina Diamond Project which surrounds the Ellendale Diamond Mine (E9) lease area. The consolidation of these two projects is the logical outcome for the area to enable significant operational synergies making development of the whole area considerably more efficient.
2. POZ already has granted Mining Leases over the surrounding Blina Project and has proven it is able to build relationships and negotiate Native Title Mining Agreements with different Traditional Owner groups in the area. The EOI process will require a resolution to Native Title for the resultant mining lease application to be granted and POZ is best placed to deliver this outcome.
3. POZ already has granted Miscellaneous Licenses (for road access) over most of Roberts Road (Figure 1) which is to the main access from the Gibb River Road to the Blina Diamond Project.
4. POZ has proven expertise in utilizing the latest geophysics techniques in local conditions and in using this new technology to successfully generate and explore new exploration targets.
5. The Company owns a state of the art database over the Ellendale area, which is a significant factor in future development success

The acquisition of the Ellendale Diamond Mine lease would provide an excellent commercial opportunity for POZ to consolidate control over the entire Ellendale and Blina diamond fields. This would result in economies of scale and efficiencies in exploration and development and would be a major step towards building a branded diamond mining company producing the Fancy Yellows for which Blina and Ellendale are justifiably famous.

4.0 Ellendale Diamond Mine Background and Geology

The following is an extract from the recent GSWA published 'Resources and Exploration Potential of the Ellendale Diamond Project'² [click here](#)

'The Ellendale project comprises diamondiferous lamproite pipes and associated diamondiferous alluvial gravels. Two pipes, Ellendale 4 (E4) and Ellendale 9 (E9) have been mined, with a total production of 424,000 carats (ct). Diamondiferous alluvial gravel deposits have also been partly mined adjacent to E9. Mining and processing commenced at E9 in 2004 and ceased in August 2014. Mining at E4 was carried out between 2006 and 2008. Since August 2014, until mine closure on 30 June 2015, all diamond production was from stockpiles. An additional diamondiferous pipe, the E4 satellite pipe (E4S), is unmined.

There is also exploration potential in the Terrace 5 and E12 Alluvials, palaeochannels between the western side of the lease area (i.e. the eastern POZ Blina Project boundary) and E9. This area has been drilled, but has had limited bulk sampling to date. There may be other exploration opportunities in the area for additional pipes or extensions, and diamondiferous alluvial gravel deposits. There is a large amount of exploration data available on previous exploration activities both in the lease area and in the adjacent areas.

The main lamproite deposits of Ellendale 4 and 9 have been mined, with the majority of the easily accessible E4 and E9 resources having been extracted. The very high value of the E9 diamonds (approximately US\$706/ct) compared with E4 diamonds (US\$156/ct) was due to a significant content of 'fancy yellow' diamonds that attracted a price premium. These yellow diamonds were the subject of a special marketing agreement between the former operator and Tiffany Diamonds.'

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It is important to note that the Terrace 5 diamondiferous palaeochannel runs from the Ellendale Project area into the POZ Blina Project ground, it is this channel which forms the core of the POZ Blina Diamond Project. The Ellendale Project is highly prospective exploration ground, especially for utilizing the latest generation of geophysics, including the highly successful Ground Penetrating Radar techniques POZ has been using at the Blina Diamond Project.

5.0 Environmental

There is an environmental legacy at the Ellendale Project from previous activities related to mining. The standard approach by DMIRS is that legacy impacts are not the responsibility of a new lessee on a new mining tenement and that principle will be applied to the EOI process. However, any new operator would be considered responsible for the rehabilitation of areas or features directly impacted by the new operator's activities.

POZ will be assessing what environmental work the Company could offer to conduct on legacy environmental impacts at the site as a part of the EOI process.

6.0 Site Visit to Ellendale

POZ Directors Jim Richards and Grant Mooney will be joining government DMIRS officers and other interested parties for a field visit of the Ellendale site on 18 and 19 September to assess the potential of the project prior to the POZ application under the EOI process.

7.0 Summary Ellendale Diamond Mine EOI Process

POZ is excited by the potential for the Ellendale Diamond Mine area to add value to the Company. An application under the EOI process is being prepared and will be submitted to the West Australian government. POZ considers it is a well-placed and eminently qualified company to operate this lease.

The Company believes that the acquisition of the Ellendale Diamond Mine lease would be transformative for POZ and would provide an enormous amount of synergies with the adjoining POZ Blina Diamond Project.

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Summary: Blina Diamond Project, WA

POZ 100%

The POZ Blina Diamond Project in the Ellendale Diamond Province of WA's Kimberley Region consists of four granted mining leases and various exploration leases within an area of 436 km², situated 110km east of Derby.

A diamond bearing alluvial palaeochannel named Terrace 5 extends over some 40km of the POZ project area, with channel widths of 200m to 500m. The largest diamond recovered to date from Terrace 5 weighed 8.43 carats¹, with stones larger than two carats common, a significant number of the stones are Fancy Yellows.

The Company has defined numerous high grade targets using the latest in Ground Penetrating Radar technology⁴ over proven diamondiferous channels at Terrace 5. A recent POZ Minerals trenching program has also discovered extensive areas of unsampled, shallow and highly prospective alluvial gravels³ which also require testing.

POZ is pursuing a program of systematic bulk sampling of these prospective gravel targets to define the extent and grade of the diamondiferous gravels in the Blina area, this will lead into trial mining of the best grades.

The permitting process to facilitate these operations is close to completion with the final amendments to the Mining Proposal currently underway and a Project Management Plan being compiled. This high level permitting would also allow for full mining to take place should economic grades be encountered. The Company is currently progressing the necessary funding requirements prior to the mobilisation of the sampling and trial mining equipment to the field.



This 8.43 carat Fancy Yellow diamond was previously recovered from Terrace 5 POZ tenements

References:

¹Further 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](#)

²Record 2018/8 (Geological Survey of Western Australia); Geology, Resources and Exploration Potential of the Ellendale Diamond Project Record 2018/8 by G Boxer and G Rockett [click here](#)

³Trenching Discovers New and Extensive Shallow Gravels Targets at Blina Diamond Project; POZ ASX Release Dated 6 August 2018 [click here](#)

⁴Blina Diamond Project, Gamechanger GPR Survey; POZ ASX Release dated 18 October 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 for the Blina Diamond Project 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.

^AThe 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.