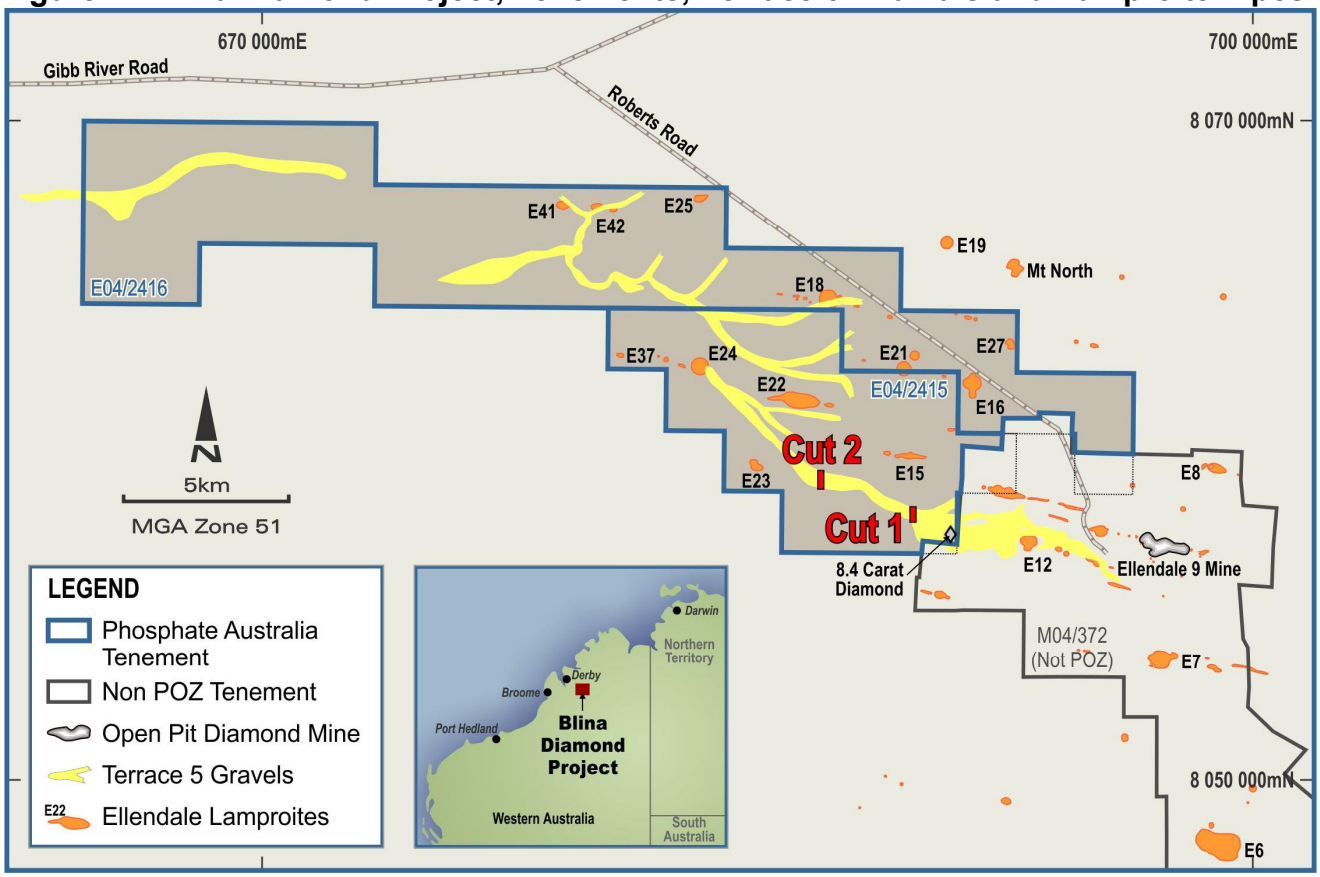
**ASX RELEASE**
**9 October 2015**
**ASX Code: POZ**

# Blina Diamond Project, Ellendale WA: Acquisition

## HIGHLIGHTS

- **Acquisition of 100% of the Blina Diamond Project in the Ellendale Region of Western Australia.**
- **Terrace 5 alluvial prospect includes historic bulk sampling of 40,613 cubic metres which recovered 1,432 carats of diamonds at a grade of 3.53 carats per hundred cubic metres and an average stone size of 0.42 carats. This included fancy yellow diamonds for which the Ellendale Field is renowned.**
- **40km strike of diamondiferous Terrace 5 alluvial gravels to target.**
- **Diamond bearing lamproite pipes on acquired ground provide exploration upside.**
- **Purchase of a parcel of Ellendale rough diamonds to assist exploration.**

**Figure 1: Blina Diamond Project, Tenements, Terrace 5 Alluvials and Lamproite Pipes**





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## 1.0 Introduction

Phosphate Australia Limited (ASX: POZ or Company) is pleased to announce the acquisition of the Blina Diamond Project in the Ellendale Diamond Province of the Kimberleys Region, Western Australia.

The project is 100% owned by POZ and has no private royalty obligations. The Blina Diamond Project consists of two POZ tenement applications with a combined area of 161 km$^2$ situated 100km east of Derby.

A significant amount of historical exploration work has been carried out by various companies over the project area including:

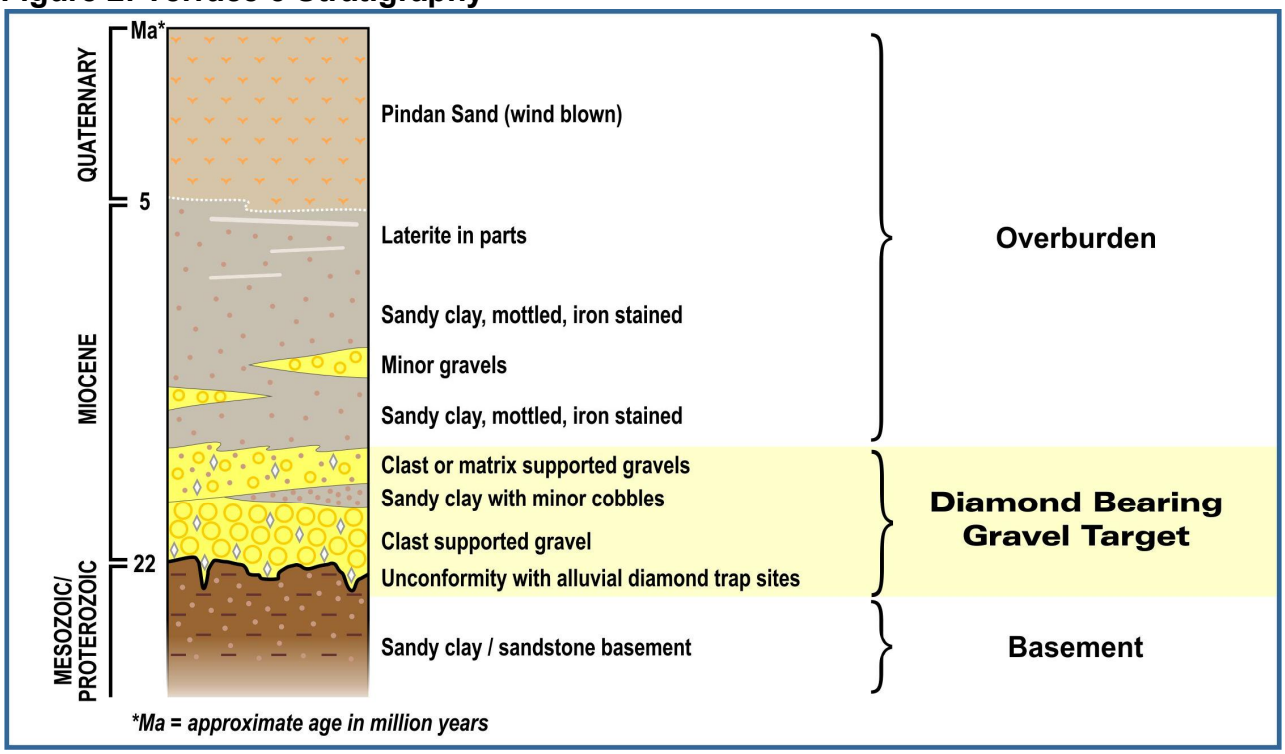
| | |
|---|---|
| 1987 to 1993 | Stockdale Prospecting Limited (subsidiary of DeBeers) |
| 1994 to 1997 | Diamond Ventures NL, Ellendale Resources NL and Auridiam Limited |
| 1994 to 2007 | Kimberley Diamond Company (KDC) |
| 2007 to 2014 | Blina Diamonds NL (BDI). |

Previous work includes geophysical surveys, geochemical sampling, aircore drilling, Bauer drilling and bulk sampling operations. The data is currently being assessed by POZ geologists.

## 2.0 Terrace 5 Alluvial Diamond Prospect

Central to the Blina Diamond Project is a diamondiferous palaeo-channel, discovered in 1995 and named Terrace 5 (Figure 1). This channel has been tracked over a distance of some 40km and drains the central section of the diamondiferous Ellendale lamproite field. Gravels from this system are characterised by containing significant concentrations of relatively large diamonds[2]. It is likely that there are multiple lamproitic sources for these diamonds that remain to be identified.

**Figure 2: Terrace 5 Stratigraphy**



Terrace 5 was once a major alluvial system with channel widths from 200-500m. Gravels (where present) are variable, but average about one metre in thickness. Diamonds recovered from the gravels are considered large, with an average stone size of around 0.42 carats. Most stones are of gem quality. The largest diamond recovered to date from Terrace 5 weighed 8.44 carats (from Pit 82)[6], with stones larger than two carats common.[1]

## 2.1 Terrace 5 Bulk Sampling Program 2005

Any of the following which is italicised is taken from statutory reports as referenced.

During 2005, two large cuts were excavated from within Terrace 5 (Cut 1 and Cut 2) as part of a program aimed at recovering sufficient diamonds to provide a 'run-of-mine' valuation for the Terrace 5 production. The cuts were excavated across the palaeo-channel at two locations (Figure 1). The Government Mines Department decided the bulk sampling operations be considered "trial mining"[6].

*The overlying Pindan dune sand was removed using scrapers and stockpiled at the sides of the pit. Two rows of test pits were dug at 20m intervals, using a 30 tonne excavator, along each side of the pit to establish the depth to the gravel sequence, and the quality and thickness of the gravels. The barren sandy clay sequence was then removed down to the top of the gravel sequence. Figure* 3 (re-drafted and amended from the original by POZ for clarity) *shows the test pit locations and the lithologies encountered.*

*The large-scale bulk sample was split into blocks based on gravel thickness and quality, and the gravels removed as sub-samples. This method was used to enable controls on grade correlations and to provide the plant with individual samples of around 2,000 tonnes. The samples were excavated using a 65 tonne machine and hauled to the ROM using D400 moxys.*

*Once the 65 tonne excavator had removed the gravels, a 30 tonne machine with a blade on the bucket scraped the floor of the block and cleaned out any potholes of gravel remaining. This material was then hauled to the ROM and added to the main sample pile. About 10cm of overlying barren material, and 20cm of bedrock waste, was factored into the ore horizon removed. This precision was very much dependent on the skill of the excavator operator, and the proportion of waste in the sample increased greatly when the gravel horizon was less than 30cm in thickness.*

*All samples were processed through Blina's 50 tonne per hour DMS processing plant. This plant was built by Mine Plant Constructions in May 2005, and commissioned in early July. Concentrate from the samples was processed at KDC's Recovery section using Flowsort X-ray machines, with hand-sorting of the final product.*[3]

## 2.2 Geology of Bulk Sample Zone

Figures 4 and 5 (redrafted and amended from original data for clarity) shows sections from test pits at Cut 1 and Cut 2 which were logged prior to the bulk sampling. The overburden (waste) consists of Quaternary Pindan (wind-blown dune) Sand, then Miocene clays, sands and sandy clays with minor lateritic horizons. Below these lie the Miocene diamondiferous gravels. Below the gravels lies the unconformable basement (bedrock) consisting of Mesozoic and Proterozoic sandstones and siltstones. This unconformity surface at the base of the gravels is the most prospective area for diamonds, especially within natural trap sites such as gutters or potholes.

### 2.2.1 Cut 1 Geology

The Pindan Sand was pre-stripped from Cut 1 prior to logging of the test pits. The depth of the Pindan Sand was between 3.50m and 5.25m. Below the Pindan Sand, the additional sandy-clay overburden was between 2m and 4m deep. The overall depth of overburden in Cut 1 is between 7.5m and 9.0m.

Three main types of gravel were logged, matrix supported gravel, clast supported gravel with mostly quartzite cobbles and clast supported gravel with mostly ferruginised sandstone cobbles. The pit logging indicated that gravel thicknesses varied across the pit.

*Cut 1 was the eastern-most excavation. The cut had dimensions at its base of 350m long, 70m wide and up to 12m in depth. A discrete gutter with gravels up to 3m thick was located towards the southern end of the cut. This gutter contained a significant proportion of the diamonds recovered from this excavation. Cut 1 became the tailings dam for BDI's processing operations.*[2]

### 2.2.2 Cut 2 Geology

In Cut 2 the depth of the Pindan Sand is between 1.0 and 3.0m. Below the Pindan Sand, the additional overburden depth is between 2m and 4m deep. The overall depth of overburden in Cut 2 is between 1.4m and 6.4m.

In the north-west of Pit 2 there was a bedrock high with no gravel, this area was used to store overburden. Test pitting indicated the gravel sequence comprised two clast-supported horizons with a variable layer (up to a metre thick) of sandy clay with minor cobbles in between. This layer of sandy clay was mined together with the gravels and resulted in significant sample dilution. This may account for the lower grades in Cut 2 than Cut 1 and could be addressed by more selective mining.

[2]*Cut 2 was located 3.5 km west of Cut 1 and had base dimensions of 450m long and up to 8m deep. Cut 2 contained several gutters and bedrock bars with diamonds again concentrated near the southern end of the Cut.* [2]

## 2.3 Bulk Sampling Test Results from Cut 1 and Cut 2

A total of 72,050 tonnes was reported as being mined and treated. This equates to 40,613 cubic metres. The average grade from cut 1 was 4.36 carats per hundred cubic metres (ct/100m$^3$) and from Cut 2 a grade of 2.71 ct/100m$^3$.

An overall average grade was 3.53 ct/100m$^3$ with an average stone size of 0.42carats. A total of 1,432 carats were recovered from the two cuts.

**Table 1: Summary of Bulk Sampling Results Cut 1 & Cut 2**

| Cut | Volume (m$^3$) | Tonnes (t) | Size Distribution* | | Number Diam-onds | Total Carats | Average Size (ct) | Grade ct/100m$^3$ | Grade ct/100t | Largest Diam-ond ct |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | +3.35mm | -3.35mm | | | | | | |
| C1 | 22,006 | 40,445 | 676 | 1,698 | 2,363 | 959.2 | 0.41 | 4.36 | 2.37 | 5.92 |
| C2 | 18,607 | 31,605 | 336 | 757 | 1,093 | 472.3 | 0.43 | 2.71 | 1.49 | 7.00 |
| **Total** | **40,613[A]** | **72,050** | **1,012** | **2,455** | **3,456** | **1,432** | **0.42** | **3.53** | **2.00** | **7.00** |

* Diamonds to 1.5-16mm range recovered for these samples

[A] Includes Metallurgical and other bulk samples collected from the Cut 2 area for which volumes were not recorded. Diamonds to 1.2-14.0mm range recovered for these samples.

All weights are pre-cleaning

Due to restrictions within the JORC Code, POZ is not able to report the valuation placed on these diamonds. However, to ensure as full a disclosure as possible, the following information (which is publicly available via the ASX website[2]) is reproduced below:

*The diamonds* (recovered from Cut 1 and Cut 2) *were largely consistent with typical Ellendale Field diamonds and contained a significant proportion of fancy yellow stones - particularly in the larger stone sizes. The diamonds were considered of high quality and have a larger stone size distribution than Ellendale 9. The diamond population is distinguished from Ellendale 9 material by the presence of a significant proportion of angular octahedral stones.*[2]

The best result from Cut 1 was 7.34 carats per hundred cubic metres (sample block C1WB 008) and the largest stone size recovered was 5.92 carats (sample block C1CB004B).

The best result from Cut 2 was 4.62 carats per hundred cubic metres (sample block C2CB 005) and the largest stone size recovered was 4.63 carats (sample block C2CB001).

Figure 3 and Appendix B details the full results of the bulk sampling program.

Appendix C provides details of sampling techniques and data.

## Figure 3: Bulk sampling Results Cut 1 & Cut 2 (Plan Views)

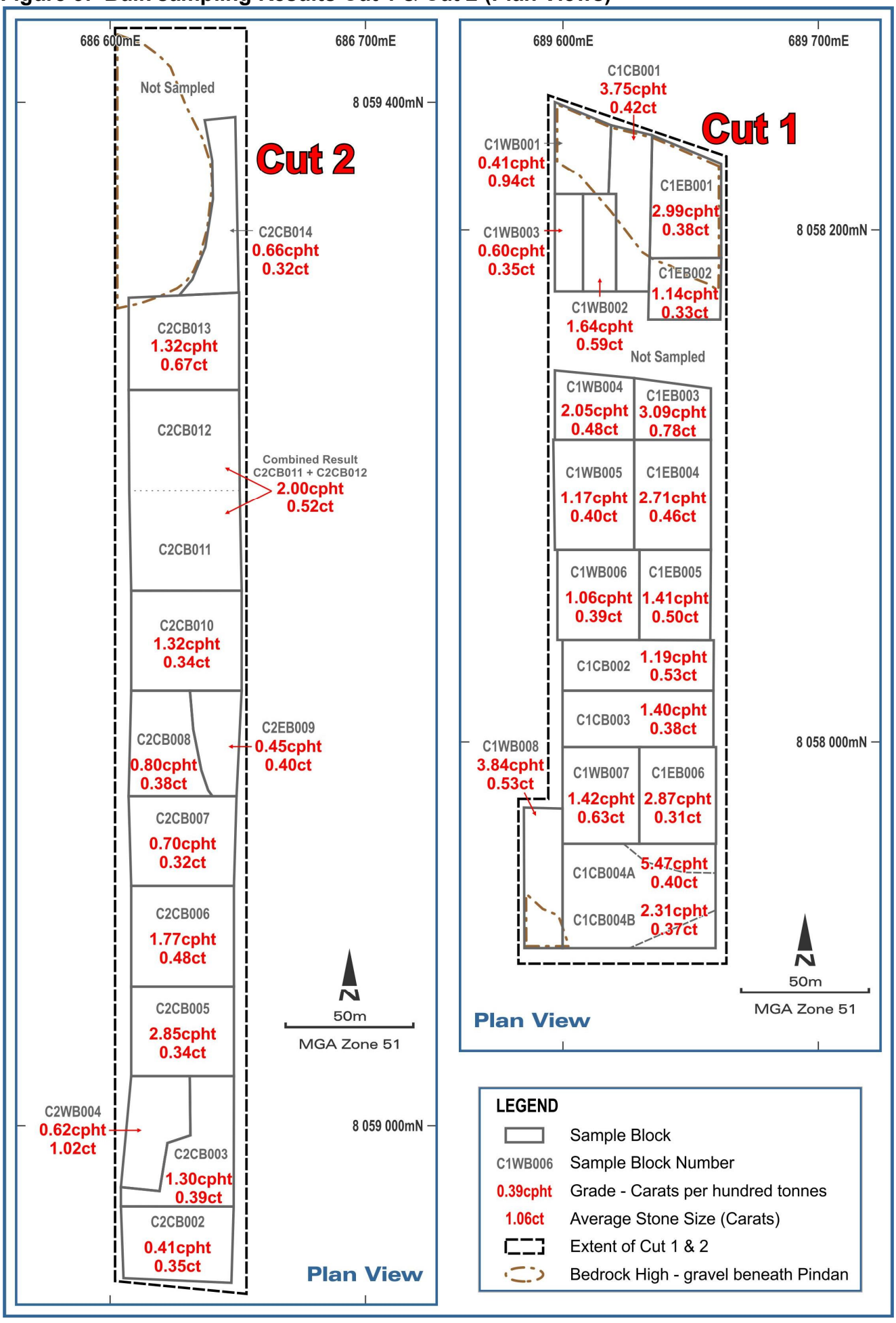
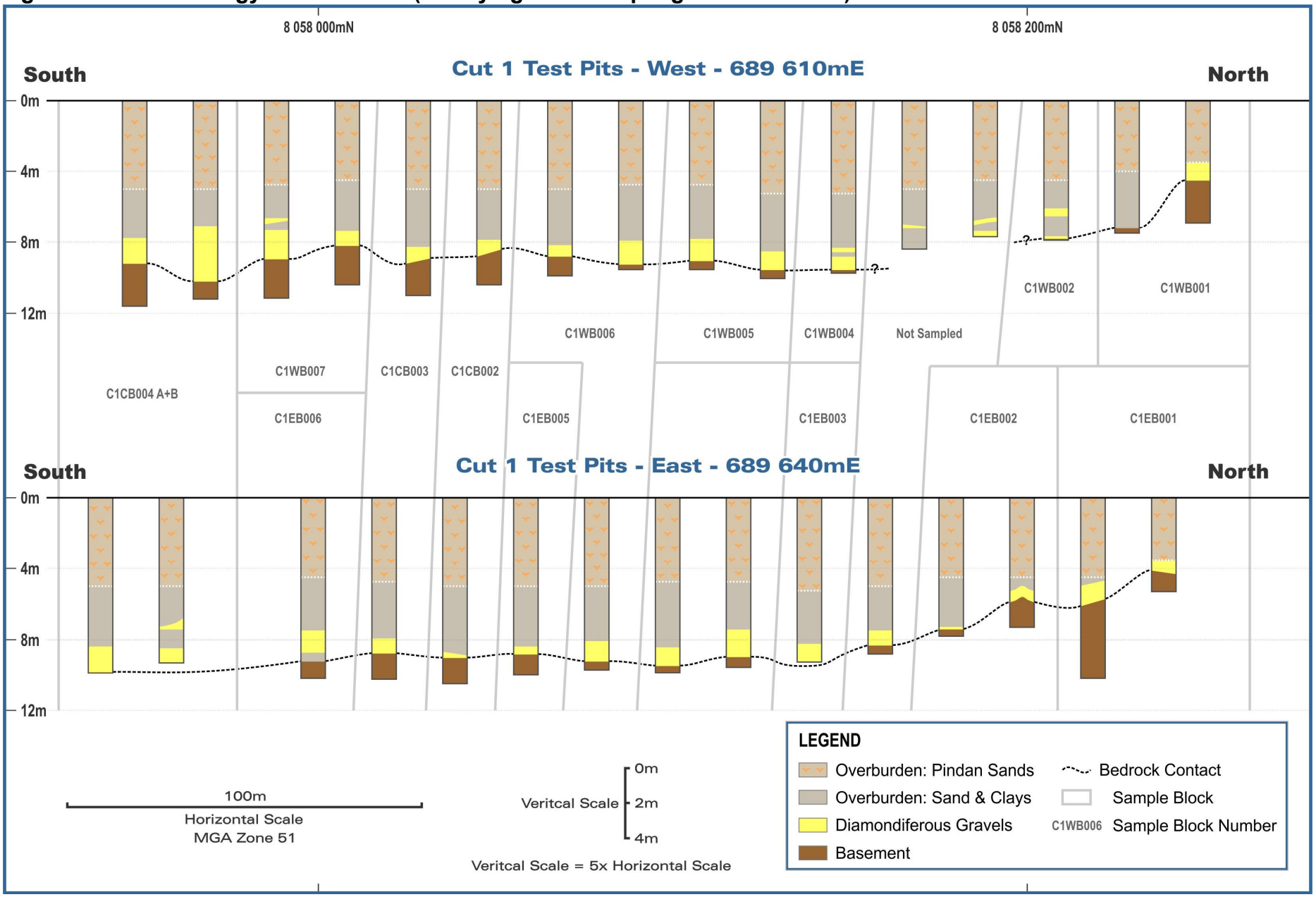
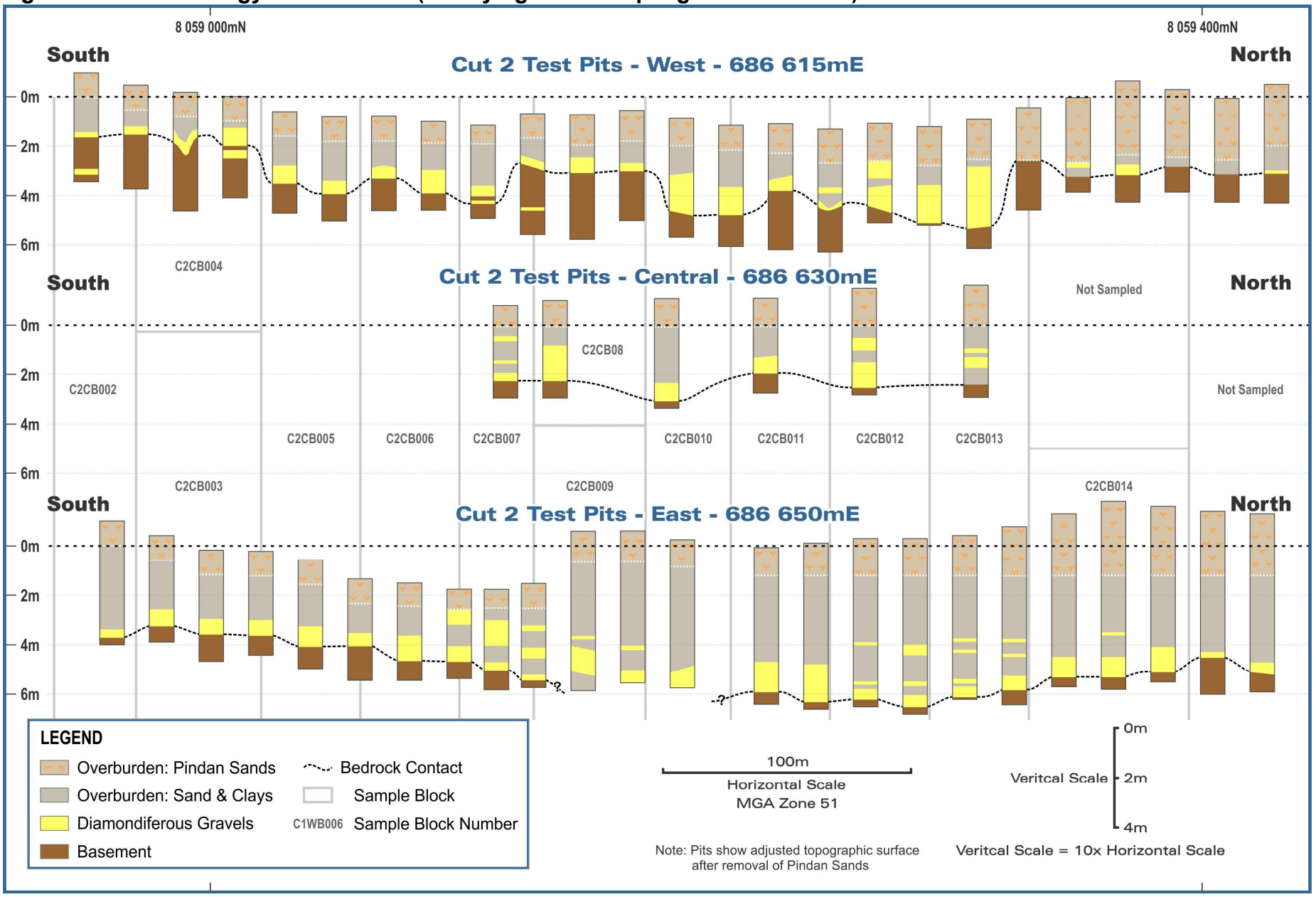


**Figure 4: Cut 1 Geology Section View (Overlying Bulk sampling Block Number)**



## Figure 5: Cut 2 Geology Section View (Overlying Bulk sampling Block Number)



## 3.0 Further Exploration Targets

Previous work has outlined a number of diamond bearing lamproite pipes on the tenement area. Data is currently being reviewed with a view to prioritising which pipes may be the most prospective for further sampling work.

In addition, geophysical and geochemical surveys have been previously conducted over the area and some new pipes were identified by KDC and BDI. There is the potential to discover further new pipes which may have only a minimal geophysical signature.

## 4.0 Ellendale Diamonds

The Ellendale diamond mining project on Mining Lease M04/372 (which adjoins POZ tenements, Figure 1) was until recently operated by Kimberley Diamonds Pty Ltd (KDC) a wholly owned subsidiary of Kimberley Diamonds Limited (ASX: KDL). On 1 July 2015, KDC was placed into voluntary administration by KDL.[3]

KDL reported (ASX Release dated 31 December 2014) that the Ellendale mine was the world's leading source of rare fancy yellow diamonds, contributing 'an estimated 50% of global supply'.[4]

With the recent closure of the Ellendale mine, this supply of fancy yellows has now ceased. The majority of the diamonds within the Terrace 5 prospect are almost certainly sourced from lamproite pipes within M04/372 and POZ believes Terrace 5 could be a potentially significant new source for these fancy yellow diamonds.[2]

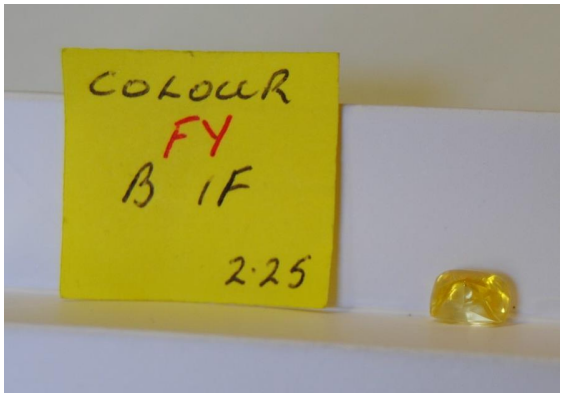
## 4.1 Ellendale Diamond Purchase

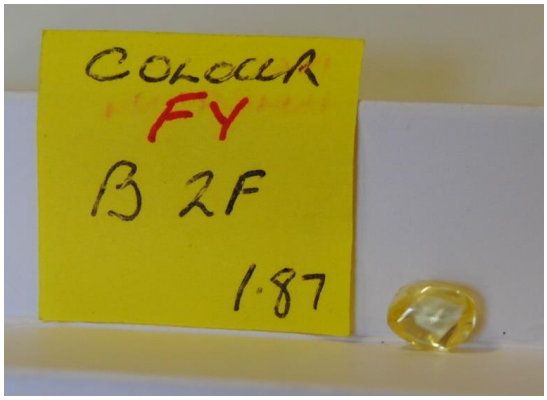
To assist in the search for new lamproite pipes, a parcel of diamonds was recently purchased from the administrators of Kimberley Diamond Company Pty Ltd. This parcel includes some stones from the Blina Diamonds NL's work which took place over the area currently covered by POZ tenements. These diamonds may prove useful in searching for new, as yet undiscovered, lamproite pipes.

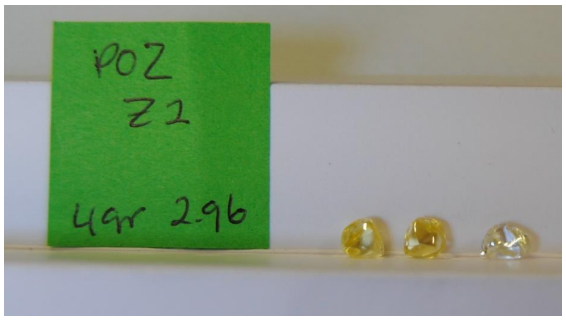
The diamonds cost $64,947 (plus GST), and remain an asset of the Company.

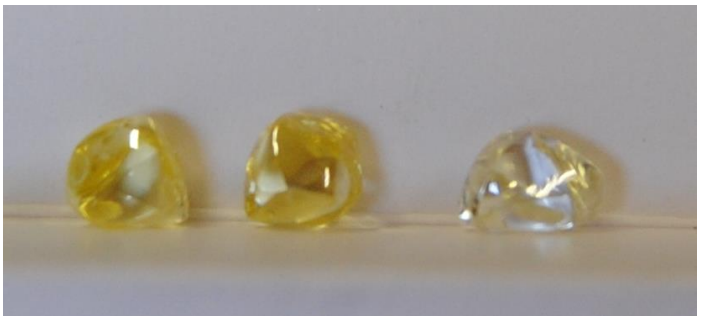
## Some of the Ellendale Diamonds Purchased by POZ

POZ Directors examine the recently purchased rough diamonds and associated exploration data.



Total diamond weight (in carats) written at bottom right of notes

NB: The diamonds above were mined from the adjoining Ellendale Mining Lease M04/372 (Figure 1) and were not mined from the POZ tenements. They are not representative of any 'run-of-mine'.

Terrace 5 has been reported as containing a *'significant proportion of fancy yellow stones'*[2] (para 2.3). It is this type of high quality rough which is being targeted by POZ's Blina Diamond Project.

## 5.0 Summary

The Blina Diamond Project is the kind of undertaking which interests POZ due to the following key factors:

1. The project is situated within a highly endowed diamond belt with excellent logistics and significant exploration upside.
2. A considerable amount of historic exploration has been done on the POZ permits and the Company has access to this data.
3. The potential for finding high value fancy yellow diamonds is very high.
4. Any diamonds produced would be conflict free and could represent an opportunity for branding and premium pricing.
5. The setting up of an alluvial diamond mining operation would be relatively modest in terms of capital cost.
6. Acquisition costs were minimal.
7. The project is 100% owned and carries no private royalties.

Phosphate Australia is pleased with this acquisition and is now seeking permiting to explore the project.

Jim Richards
Executive Chairman

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## References

[1&3] Blina Diamonds NL, DME Report A72738. Period to 23 February 2006.
http://geodocs.dmp.wa.gov.au/common/searchAPI.do?cabinetId=2301&Report_Ref=A72738

[2] Blina Diamonds NL, Annual Report 2006 to the ASX, Page 9.
http://www.asx.com.au/asxpdf/20061031/pdf/3zb17snfdslkj.pdf

[3] Kimberley Diamonds Limited, ASX Announcement dated 1/7/2015.
http://www.asx.com.au/asxpdf/20150701/pdf/42zkbchk0938k5.pdf

[4] Kimberley Diamonds Limited, ASX Quarterly Report dated 30/10/2014.
http://www.asx.com.au/asxpdf/20141030/pdf/42tb3nt44508lc.pdf

[5] Kimberley Diamond Company NL, DME Report A62589. Period to 23 Feb 2001
http://geodocs.dmp.wa.gov.au/viewer/multipageViewerAction.do?documentId=212199&viewMarkId=0&ct=true&at=none&btv=true&atv=false&vmtv=false&ac=ff0000&cabinetId=2301&pg=0&scl=64&bds=0|0|2560|3584

[6] Blina Diamonds NL, DME Report A72738. Period to 23 February 2005.
http://geodocs.dmp.wa.gov.au/viewer/multipageViewerAction.do?documentId=203643&viewMarkId=0&ct=true&at=none&btv=true&atv=false&vmtv=false&ac=ff0000&cabinetId=2301&pg=0&scl=64&bds=0|0|2560|3584

Jaques, A.L, Lewis, J.D. & Smith, C.B. 1986. The kimberlites and lamproites of Western Australia. Geological Survey of Western Australia, Bulletin 132.

Purcell, P.G. 1984. The Canning Basin. Proceedings GSA/PESA Symposium, Perth 1984.

## Competent Persons Statement

*A number of characteristics of diamond deposits are different from those of, for example, typical metalliferous and coal deposits and therefore require special consideration. These include the generally low mineral content and variability of primary and placer deposits, the particulate nature of diamonds, the specialised requirement for diamond valuation and the inherent difficulties and uncertainties in the estimation of diamond resources and reserves. This release is reporting exploration results only and does not attempt to document any potential JORC Resources or Reserves.*

*The information in this report that relates to previously reported exploration results was 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 Phosphate Australia. Mr. Richards is familiar with the Blina Alluvial Diamond Project and has visited it on a number of occasions. 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.*

## Appendix A
## Bulk sampling Location Information

| A number | ID | mE_MGA94 (centroid) | mN_MGA94 (centroid) | mRL_nominal | Cut length (m) | Cut width (m) | Sample Type |
|---|---|---|---|---|---|---|---|
| 78278 | Cut 1 | 689630 | 8058070 | 124 | 335 | 75 | Bulk Sample pit |
| 78278 | Cut 2 | 868630 | 8059140 | 114 | 450 | 40 | Bulk Sample pit |
| 78278 | BLBS082 | 691030 | 8057150 | 126 | n/a | n/a | Bulk Sample |

Figure 3 provides a scale diagram of the bulk sampling locations with UTM co-ordinates.

## Appendix B
## Bulk Sampling Results

| Terrace 5 Project – Cut 1 Processing Data | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Block Number | Volume ($m^3$) | Tonnes (t) | Size Distribution* | | Number Diamonds | Total Carats | Average Size (ct) | Grade ct/100$m^3$ | Grade cpht | Largest Diamond |
| | | | +3.35mm | -3.35mm | | | | | | |
| C1CB 001 | 815 | 1,339 | 37 | 83 | 120 | 50.2 | 0.42 | 6.16 | 3.75 | 2.54 |
| C1CB 002 | 650 | 1,029 | 6 | 17 | 23 | 12.2 | 0.53 | 1.88 | 1.19 | 2.77 |
| C1CB 003 | 1,070 | 1,951 | 16 | 56 | 72 | 27.4 | 0.38 | 2.56 | 1.40 | 3.16 |
| C1CB 004A | 720 | 1,241 | 42 | 128 | 170 | 67.8 | 0.40 | 9.42 | 5.47 | 3.70 |
| C1CB 004B | 4,129 | 8,422 | 128 | 391 | 519 | 194.2 | 0.37 | 4.70 | 2.31 | 5.92 |
| C1EB 001 | 1,410 | 2,857 | 59 | 168 | 227 | 85.4 | 0.38 | 6.06 | 2.99 | 3.66 |
| C1EB 002 | 660 | 1,065 | 16 | 21 | 37 | 12.1 | 0.33 | 1.83 | 1.14 | 1.40 |
| C1EB 003 | 492 | 837 | 20 | 13 | 33 | 25.9 | 0.78 | 5.26 | 3.09 | 3.02 |
| C1EB 004 | 1,550 | 2,685 | 50 | 107 | 157 | 72.7 | 0.46 | 4.69 | 2.71 | 3.99 |
| C1EB 005 | 932 | 1,698 | 20 | 28 | 48 | 24.0 | 0.50 | 2.58 | 1.41 | 3.10 |
| C1EB 006 | 1,660 | 2,978 | 58 | 221 | 279 | 85.4 | 0.31 | 5.14 | 2.87 | 2.95 |
| C1WB 001 | 388 | 693 | 2 | 1 | 3 | 2.8 | 0.94 | 0.73 | 0.41 | 1.84 |
| C1WB 002 | 595 | 1,033 | 16 | 13 | 29 | 17.0 | 0.59 | 2.85 | 1.64 | 2.23 |
| C1WB 003 | 355 | 528 | 3 | 6 | 9 | 3.2 | 0.35 | 0.89 | 0.60 | 1.00 |
| C1WB 004 | 648 | 1,102 | 19 | 28 | 47 | 22.6 | 0.48 | 3.48 | 2.05 | 3.34 |
| C1WB 005 | 1,891 | 3,530 | 32 | 72 | 104 | 41.3 | 0.40 | 2.19 | 1.17 | 3.54 |
| C1WB 006 | 1,008 | 1,805 | 16 | 33 | 49 | 19.2 | 0.39 | 1.90 | 1.06 | 2.19 |
| C1WB 007 | 995 | 1,778 | 13 | 27 | 40 | 25.3 | 0.63 | 2.55 | 1.42 | 4.55 |
| C1WB 008 | 1,400 | 2,674 | 75 | 118 | 193 | 102.7 | 0.53 | 7.34 | 3.84 | 3.86 |
| Other [1] | 638 [2] | 1,200 | 48 | 167 | 204 | 67.9 | 0.33 | 10.64 | 5.66 | 2.58 |
| **Total** | **22,006** | **40,445** | **676** | **1698** | **2,363** | **959.2** | **0.41** | **4.36** | **2.37** | **5.92** |

* Diamonds in the 1.5-16mm size fraction.

[1] Includes Metallurgical and other bulk samples collected from the Cut 1 area for which volumes were not recorded. Diamonds to 1.2-14.0mm range recovered for these samples.

[2] Volume calculated using average SG for Cut 1 of 1.9

Weights are pre-cleaning

| Terrace 5 Project – Cut 2 Processing Data | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Block Number | Volume ($m^3$) | Tonnes (t) | Size Distribution* | | Number Diamonds | Total Carats | Average Size (ct) | Grade $ct/100m^3$ | Grade cpht | Largest Diamond |
| | | | +3.35mm | -3.35mm | | | | | | |
| C2CB 001 | 1,450 | 2,636 | 19 | 41 | 60 | 30.0 | 0.50 | 2.07 | 1.14 | 4.63 |
| C2CB 002 | 1,190 | 1,390 | 4 | 12 | 16 | 5.7 | 0.35 | 0.48 | 0.41 | n/a |
| C2CB 003 | 1,005 | 1,583 | 24 | 29 | 53 | 20.6 | 0.39 | 2.05 | 1.30 | 3.33 |
| C2WB 004 | 640 | 1,160 | 3 | 4 | 7 | 7.2 | 1.02 | 1.12 | 0.62 | 3.10 |
| C2CB 005 | 1,405 | 2,275 | 51 | 138 | 189 | 65.0 | 0.34 | 4.62 | 2.85 | 3.45 |
| C2CB 006 | 1,350 | 2,106 | 34 | 44 | 78 | 37.3 | 0.48 | 2.76 | 1.77 | 3.29 |
| C2CB 007 | 984 | 1,546 | 7 | 27 | 34 | 10.8 | 0.32 | 1.09 | 0.70 | 2.11 |
| C2CB 008 | 995 | 1,749 | 10 | 27 | 37 | 13.9 | 0.38 | 1.40 | 0.80 | 1.80 |
| C2CB 009 | 830 | 1,420 | 5 | 11 | 16 | 6.3 | 0.40 | 0.76 | 0.45 | 1.93 |
| C2CB 010 | 1,840 | 3,172 | 31 | 92 | 123 | 41.9 | 0.34 | 2.27 | 1.32 | 3.37 |
| C2CB 011+12 | 4,133 | 7,841 | 98 | 202 | 300 | 156.7 | 0.52 | 3.79 | 2.00 | 7.00 |
| C2CB 013 | 920 | 1,565 | 16 | 15 | 31 | 20.7 | 0.67 | 2.25 | 1.32 | 3.44 |
| C2CB 014 | 660 | 1,066 | 9 | 13 | 22 | 7.0 | 0.32 | 1.07 | 0.66 | 0.82 |
| Other [1] | 1,205 [2] | 2,096 | 25 | 102 | 127 | 49.4 | 0.39 | 4.10 | 2.35 | 4.01 |
| **Total** | **17,402** | **31,605** | **336** | **757** | **1093** | **472.3** | **0.43** | **2.71** | **1.49** | **7.00** |

* Diamonds in the 1.5-16mm size fraction.

1 Includes Metallurgical and other bulk samples collected from the Cut 2 area for which volumes were not recorded. Diamonds to 1.2-14.0mm range recovered for these samples.

2 Volume calculated using average SG for Cut 2 of 1.7

Weights are pre-cleaning

**Appendix C**
**JORC Code, 2012 Edition – Table 1**

The bulk sampling programs documented in the tables below are referenced as follows:

**A72738**: http://geodocs.dmp.wa.gov.au/common/searchAPI.do?cabinetId=2301&Report_Ref=A72738 (Cut 1 and Cut 2)
**A70543:**
http://geodocs.dmp.wa.gov.au/viewer/multipageViewerAction.do?documentId=203643&viewMarkId=0&ct=true&at=none&btv=true&atv=false&vmtv=false&ac=ff0000&cabinetId=2301&pg=0&scl=64&bds=0|0|2560|3584 (Pit 82)

**Section 1 Sampling Techniques and Data**

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| Sampling Techniques | Nature and quality of sampling (e.g. 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.<br><br>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. | **A72738:** The overlying dune sand was removed using scrapers and stockpiled at the sides of the pit. Two rows of test pits were dug at 20m intervals, using a 30t excavator, along each side of the pit to establish the depth to the gravel sequence, and the quality and thickness of the gravels. The barren sandy clay sequence was then removed down to the top of the gravel sequence.<br><br>The depth of the Pindan sand in Cut 1 was extrapolated from Bauer drilling data approximately 75 metres to the east and west of Cut 1. The Pindan Sand depth data was checked against earlier adjacent exploration pit data, however the Bauer data was used as the logging appeared more consistent. The depth of the Pindan sand in Cut 2 was extrapolated from earlier exploration pitting in the area of the cut.<br><br>The large-scale bulk sample was split into blocks based on gravel thickness and quality, and the gravels removed as sub-samples. This method was used to enable controls on grade correlations and to provide the plant with individual samples of around 2,000 tonnes. The samples were excavated using a 65t machine and hauled to the ROM using D400 moxys. Once the 65t excavator had removed the gravels, a 30t machine with a blade on the bucket scraped the floor of the block and cleaned out any potholes of gravel remaining. This material was then hauled to the ROM and added to the main sample pile. About 10 cm of overlying barren material, and 20cm of bedrock waste, was factored into the ore horizon removed. |
| | Aspects of the determination of mineralisation that are Material to the Public Report. | **A72738:** All samples were processed through Blinaûs 50 tonne per hour Dense Media Separation (DMS) processing plant. This plant was built by Mine Plant Constructions in May 2005, and commissioned in early July. Concentrate from the |

| Criteria | JORC Code Explanation | Commentary |
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| | In cases where ‘industry standard’ work has been done this would be relatively simple (e.g. ‘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 (e.g. submarine nodules) may warrant disclosure of detailed information. | samples was processed at KDC’s Recovery section using Flowsort X-ray machines, with hand-sorting of the final product. |
| Drilling Techniques | Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. 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). | **A72738:** not applicable |
| Drill sample Recovery | Method of recording and assessing core and chip sample recoveries and results assessed | **A72738:** not applicable |
| | Measures taken to maximise sample recovery and ensure representative nature of the samples | **A72738: B**ulk samples were taken to assist sample representivity.<br><br>To maximise bulk sample recoveries of diamonds, about 10 cm of overlying barren material, and 20cm of bedrock waste, was factored into the ore horizon removed. |
| | 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. | Not applicable to a bulk sample mining operation where all of the material is removed. |
| Logging | Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. | Sample pits were geologically logged prior to the bulk sampling operation. Logs are shown in section on Figures 4 and 5. |

| Criteria | JORC Code Explanation | Commentary |
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| | Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. | Pit logging was quantitative in nature. Information collected includes: sedimentology, lithology, mineralogy, colour, comments |
| | The total length and percentage of the relevant intersections logged | Both cuts were logged in full and the gravel intersections logged (Figures 3 and 4). |
| Sub Sampling Techniques and Sample Preparation | If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. | Not applicable to a bulk sampling operation where the whole sample is treated from 1.5mm to 16mm. |
| | For all sample types, the nature, quality and appropriateness of the sample preparation technique. | All samples were processed through Blinaôs 50 tonne per hour DMS processing plant. Concentrate from the samples was processed at KDCôs Recovery section using Flowsort X-ray machines, with hand-sorting of the final product. |
| | Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. | Not applicable to a bulk sampling operation. |
| | 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. | Samples were geologically logged prior to sampling to ensure alluvial gravels were sampled with a minimum of overburden or bedrock. |
| | Whether sample sizes are appropriate to the grain size of the material being sampled. | These large bulk samples are deemed appropriate for the grades and sizes of the diamonds being 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. | Dense Media Separation and Flowsort X-ray diamond processing are deemed appropriate procedures for assessing Ellendale diamondiferous ore. |
| | 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. | No geophysical tools were used to determine diamond concentrations |

| Criteria | JORC Code Explanation | Commentary |
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| | Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. | Density bead testing is the standard technique for DMS treatment plants. Records of density bead testing results have not yet been found by POZ, although pers comm (Jim Richards to BLD field crew in 2005 to 2007) did confirm density bead testing took place. |
| Verification of sampling and assaying | The verification of significant intersections by either independent or alternative company personnel. | Not applicable. |
| | The use of twinned holes. | Not applicable |
| | Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. | All data has been extracted from the WAMEX database Accession Reports and ASX Reports as referenced. These data sources from publicly listed companies complying with statutory reporting obligations are deemed appropriate. |
| | Discuss any adjustment to assay data. | POZ is not aware of any adjustments to the assay data other than the extrapolation of volumes for two samples from averaged SG data as referenced in Appendix B. |
| Location of Data points | Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. | Bulk sample locations were located by DGPS and have been verified on Google Earth. |
| | Specification of the grid system used. | Grid system is MGA94_51 |
| | Quality and adequacy of topographic control. | The terrain is generally flat. Topographic control is available with some of the associated data and is deemed sufficient for this level of exploration result reporting. |
| Data spacing and distribution | Data spacing for reporting of Exploration Results. | Cut locations are shown in Figure 1 |
| | 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. | This report pertains only to exploration results for diamondiferous gravels on the Terrace 5 alluvial system. |
| | Whether sample compositing has been applied. | Bulk Sample Results have been composited to provide average results for Cut 1 and Cut 2 and an overall average grade/tonnage/volume.. |

| Criteria | JORC Code Explanation | Commentary |
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| 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. | Cut 1 and Cut 2 are perpendicular to the Terrace 5 palaeochannel. |
| | 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. | No sampling bias is known or expected. |
| Sample Security | The measures taken to ensure sample security. | These criteria are not reported. |
| Audits or reviews | The results of any audits or reviews of sampling techniques and data. | No review of the sampling techniques and data was reported. |

## Section 2 Reporting of Exploration Results

| Criteria | JORC Code Explanation | Commentary |
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| 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. | Exploration Licences E04/2415 and E04/2416 are 100% held by Phosphate Australia with no encumbrances.<br>E04/2415 is partially on the Bunuba Native Title claim. E04/2016 is on the Warrawa Native Title claim. |
| | 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. | The tenements are under application with no known impediments. |
| Exploration done by other parties | Acknowledgment and appraisal of exploration by other parties. | See Section 1.0 to 2.0<br>Pit 82 is referred to in the text. The full results from this bulk sample were 285 tonnes of gravel processed; 5 diamonds (+3.35mm); 6 diamonds (-3.35mm to +1.2mm), weight 12.3 carats; average stone size 1.12 carats, Grade 4.32 cpht, largest diamond 8.44 carats.[6] |
| Geology | Deposit type, geological setting and style of mineralisation. | See Section 2.0 |

| Criteria | JORC Code Explanation | Commentary |
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| Drillhole Information | A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:<br>· easting and northing of the drillhole collar<br>· elevation or RL (Reduced Level ï elevation above sea level in metres) of the drillhole collar<br>· dip and azimuth of the hole<br>· down hole length and interception depth<br>· hole length. | See:<br>Appendix A (easting, northing, elevation, cut length, cut width)<br>Appendix B (down hole length and interception depth) |
| Data aggregation methods | In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. | All grades are reported as per the original results. |
| | 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. | Not Applicable |
| | The assumptions used for any reporting of metal equivalent values should be clearly stated. | Not Applicable |
| 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 drillhole 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 (e.g. ódown hole length, true width not knownô). | Cut 1 and Cut 2 were made perpendicular to the direction of the palaeo-channel. |
| 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 drillhole collar locations and appropriate sectional views. | Refer to **Figures 1-5** and **Appendices A and B** in body of text |

| Criteria | JORC Code Explanation | Commentary |
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| 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 results from Cut 1 and Cut 2 are tabulated in Appendix B |
| 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 ï size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | Bulk densities were reported in tabular format, calculated from the volumes mined (measured in cubic metres) versus the volumes treated (measured in tonnes) A72738. Each sample has its own SG reported.<br>Further exploration data exists but is not within the scope of this Announcement . |
| Further work | The nature and scale of planned further work (e.g. 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 | This project is at an early stage and further work is currently being assessed. |