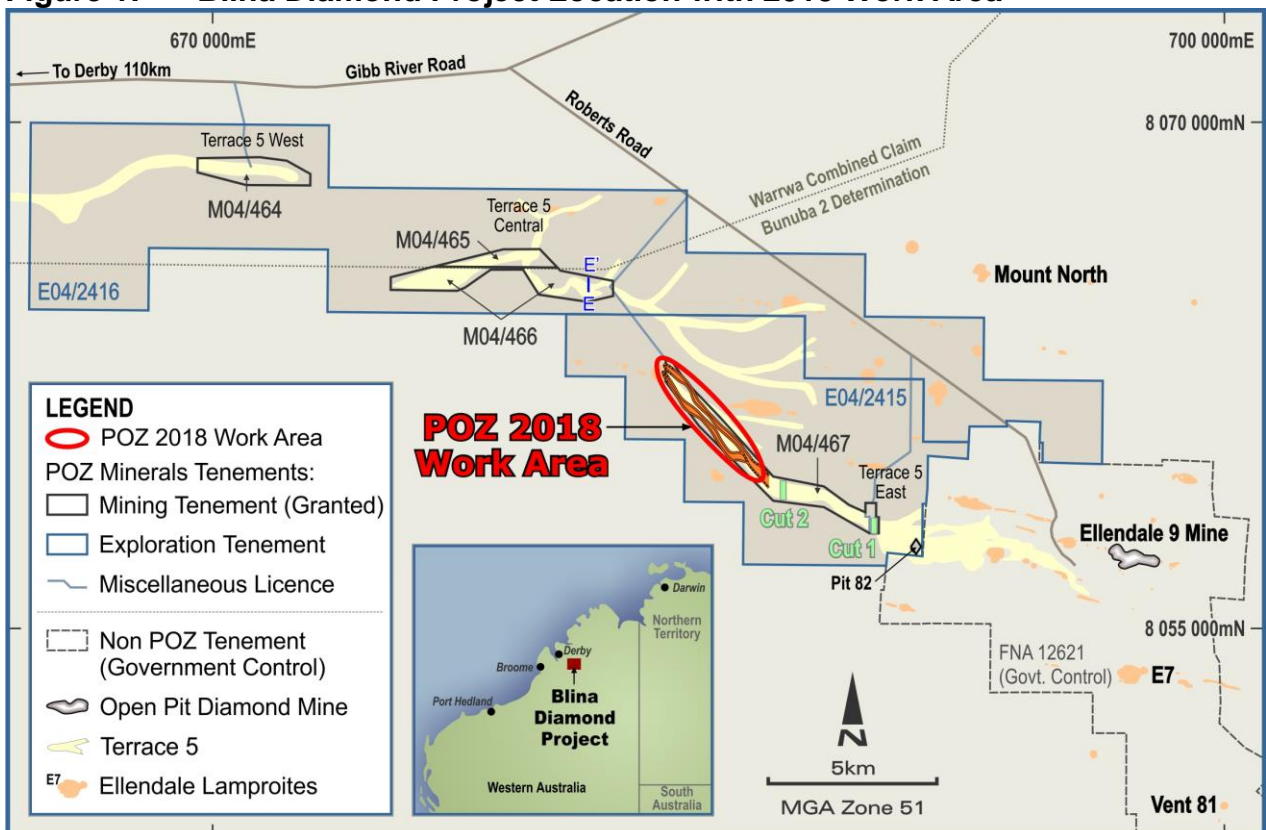


## Drilling Discovers New Target Gravels at Blina Diamond Project

### HIGHLIGHTS

- A recent auger drilling campaign at the Blina Diamond Project has resulted in the **discovery of new and highly prospective potentially diamondiferous gravels.**
- This drilling Confirms **Ground Penetrating Radar geophysics has been successful** in identifying prospective gravel trap sites and new channels
- **Target 2** substantially upgraded
- Phase 2 auger drilling program scheduled for June 2018
- POZ Executive Chairman Jim Richards presented the Blina Diamond Project to a full house at the RIU **Sydney Resources Round-up Conference**
- Upcoming broker presentations to be held by Mr Richards in **London on 21 and 22 May.**

**Figure 1: Blina Diamond Project Location with 2018 Work Area**



**1.0 Introduction: Blina Diamond Project, WA**

**POZ 100%**

POZ Minerals Limited ('POZ' or the 'Company') is pleased to announce the results of a recent auger drilling program over alluvial gravel targets at the Blina Diamond Project in the West Kimberley .

The 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 two exploration leases within an area of 161 km<sup>2</sup>, situated 100km 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 carats<sup>1</sup> (from Pit 82, Figure 1), with stones larger than two carats common, a significant number of the stones are Fancy Yellows.

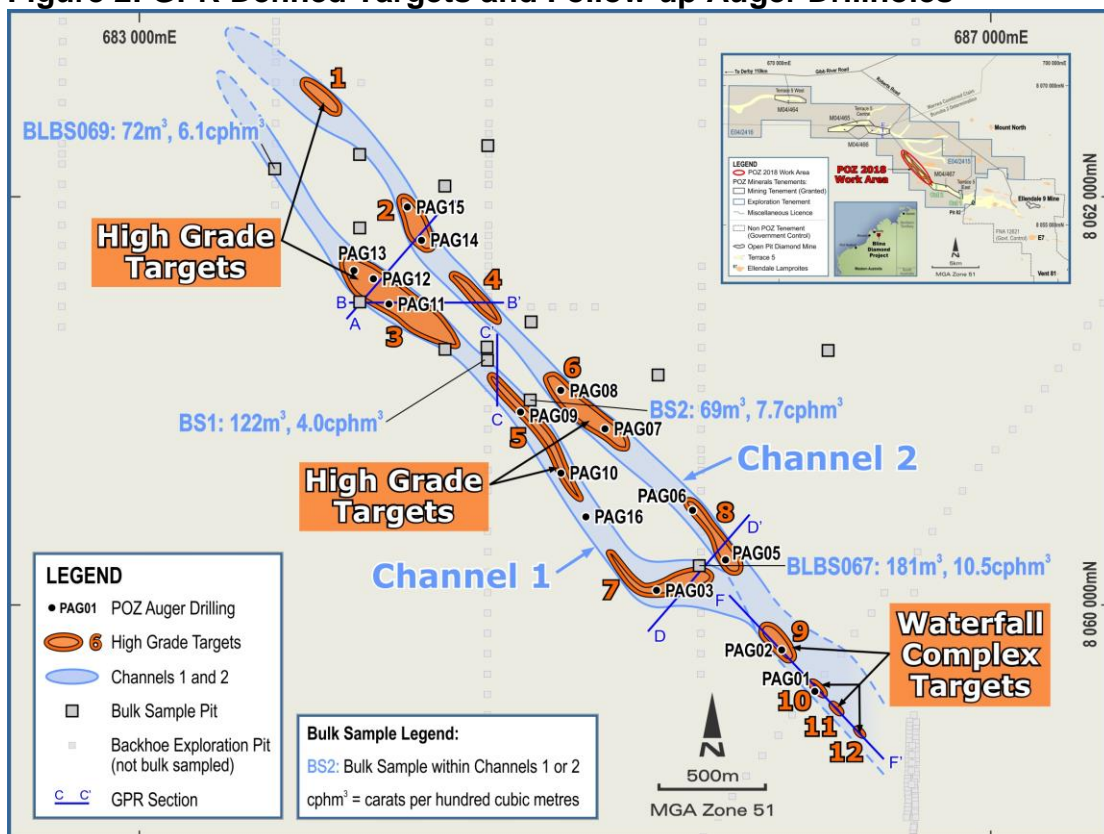
**2.0 Auger Drilling Program Discovers New and Untested Gravels at Blina**

At the start of May a 16 hole, 144 metre, shallow drill augering program over mining lease M04/467 was conducted. The aim was to collect samples for ore characterization assay work as required by the Department of Mines, Industry Regulation and Safety (DMIRS).

This drilling campaign resulted in the discovery of significant intersections of highly prospective potentially diamondiferous gravels in holes PAG 14 and 15 (Figure 2) and of other potential gravels in all but one of the other holes.

This was unexpected as the target gravels are interpreted to consist of gravel clasts which have now been largely weathered into clays (saprolitised). The use by POZ of an auger rig may have assisted the recovery of intact gravels. Much of the previous drilling at Blina used an aircore rig which is more likely to destroy the remnant gravel textures during the drilling process.

**Figure 2: GPR Defined Targets and Follow-up Auger Drillholes**



**Auger Hole PAG 14 gravels from 6 to 8 metres (2 metres total, open at depth):** These samples represents the same 6 to 8 metre interval. The sample was sieved to 2mm and a portion of the coarse fraction (70% of total sample) was washed (top photo below).

	<ul style="list-style-type: none"> <li>• plus 2mm sieved sample (washed): Gravel clasts including quartz and saprolitised sandstones and claystones <b>This is a highly prospective target gravel for diamonds</b></li> <li>• plus 2mm sieved sample (unwashed): Gravel clasts including quartz and saprolitised sandstones and claystones</li> <li>• minus 2mm sieved (dry): Sands, silts and clays (probably mainly derived from the saprolitisation process)</li> </ul>
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Blow up of the top sample in the above photo:

**Note clast sizes up to 20mm in this sample. Larger clasts were possibly present as drilling was halted by a large clast and did not reach basement.**

**This is a highly prospective target gravel for diamonds**





POZ Blina Project geologist Michael Denny logging drill returns



Auger drill sampling at Blina

## 2.1 Auger Drilling Geological Summary

This auger drill program sampled the previously defined POZ Ground Penetrating Radar targets<sup>2</sup> and successfully identified potential diamondiferous gravels in all but one of the 16 drillholes.

Drillholes PAG 14 and 15 discovered some new highly prospective potentially diamondiferous gravels with clast sizes up to 20mm. PAG 14 probably encountered a larger clasts which halted drilling and the hole did not reach basement. From 6 to 8 metres, 70% of the PAG 14 hole was gravel, consisting of 2mm to 20mm (minimum) material.

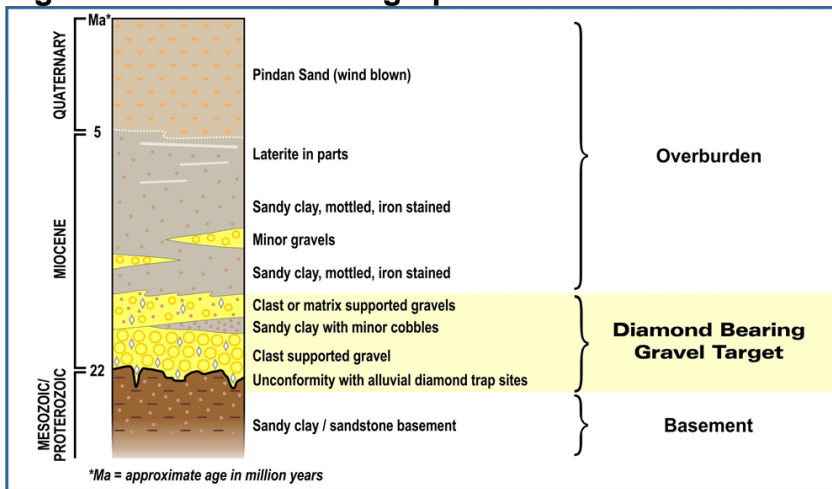
It is observed from previous data and from POZ's work, that most of the Terrace 5 diamondiferous gravel clasts consist predominantly of Mesozoic sediments of sandstone, siltstone and claystone which is the surrounding bedrock lithology, as could be expected.

After these gravel clasts, and entrained diamonds, were consolidated into the gravels of Terrace 5 (some 10 to 20 million years ago), they were subjected to considerable chemical weathering, including wet and dry season elevation changes to the water table. This caused the feldspars within the gravel clasts to convert to clays ('sapolitisation') and thus the Terrace 5 gravels became predominantly bodies of clay and sand, with just the relict gravel textures remaining in places. The diamonds would remain in-situ, unaffected by this sapolitisation process.

Some of the more siliceous material and iron pisolites would also remain unaffected by this sapolitisation process and it is interpreted that the minor material of this type which is observed in drill holes PAG 1 to 15 (Table 1) is indicative of sapolitised gravels which sit just above the Miocene bedrock (the original base of the channel). It follows that these quartz/sandstone and pisolite horizons could be a good pathfinders to indicate where the original gravels (and diamonds) are currently situated.

(The pisolites/laterite higher in the stratigraphic column are not included in this analysis, they are younger and not so likely to be diamondiferous, see Figure 3).

**Figure 3: Terrace 5 Stratigraphic Column**



**Table 1: Auger Drilling Program Depths and Potential Gravel Horizons**

Auger Hole No	Hole Depth (m)	Potential Gravel Horizons
PAG 01	12	3.4 - 5.0m: Potential gravel (saprolitised?) with rare pisolites and quartz clasts
PAG 02	10	5.3 - 6.5m: Potential gravel (saprolitised?) >10% laterite and quartz clasts
PAG 03	7	3.5 - 4.0m: Potential gravel (saprolitised?) with 5% pisolite and rare quartz clasts
PAG 04	11	4.0 - 5.0m: Potential gravel (saprolitised?) with 10% pisolites
PAG 05	9	3.8 - 5.1m: Potential gravel (saprolitised?) with 10% sandstone clasts
PAG 06	9	3.0 - 4.0m: Potential gravel (saprolitised?) with ~1% quartz clasts and pisolitic laterite
PAG 07	6	2.8 - 4.0m: Potential gravel (saprolitised?) with ~1% sandstone clasts
PAG 08	9	4.5 - 5.2m: Potential gravel (saprolitised?) with ~10% sandstone clasts
PAG 09	7	3.0 - 4.4m: Potential gravel (saprolitised?) with ~1% sandstone clasts
PAG 10	9	3.4 - 5.0m: Potential gravel (saprolitised?) with 10% pisolites and sandstone clasts
PAG 11	11	6.0 - 7.0m: Potential gravel (saprolitised?) with ~1% sandstone clasts
PAG 12	9	6.0 - 7.0m: Potential gravel (saprolitised?) with ~2% sandstone clasts
PAG 13	9	7.0 - 8.0m: Potential gravel (saprolitised?) with ~1% sandstone clasts
PAG 14	7	5.0 - 7.0m: Gravel with >65% saprolitised claystone clasts and 5% quartz/sandstone clasts. Hole ended in gravels with rod stuck on large sandstone clast
PAG 15	11	5.0 - 7.0m: Potential gravel (saprolitised?) with ~5% sandstone clasts.
PAG 16	8	No gravels. Hole went directly from alluvial sediments into basement.
Total	144	

At drillholes PAG 14 and 15, in Target 2, the original Terrace 5 gravel textures remained intact, and this is why good gravels could be observed directly. This is perhaps due to the Target 2 area being further to the northwest where groundwater conditions were different.

Although Terrace 5 is a proven diamondiferous channel, it is not guaranteed that good prospective gravels will be found in all parts of the target areas. However, a systematic auger drilling program of the GPR anomalies to define the best targets, followed by bulk sampling to ascertain diamond grade, should define the areas with the highest grade of diamonds.

The earlier POZ Ground Penetrating Radar (GPR) geophysical program defined the targets which were tested in the auger sampling program. Importantly, these drill results show that the GPR has been successful in identifying some prospective gravel trap sites. This gives the Company added confidence in targeting and defining new diamondiferous gravel targets using GPR and follow-up auger drilling.

In summary, Target 2 which hosted drillholes PAG 14 and 15 has now been considerably upgraded as a target for bulk testing and will be further drilled in the upcoming Phase 2 auger drilling program scheduled for June.

### **3.0 Lookahead**

Prior to this auger drilling campaign, it was thought that these gravels (and their relict textures), would only be recognizable through trenching with a backhoe. However, with the success of the auger drilling, POZ now has a more effective tool to better define these gravel targets, record their depth and to rank their prospectivity.

The Company now plans to conduct a Phase 2 auger drilling program in early June (subject to rig availability) to better define the best of these gravel targets, which will allow better targeting of the bulk sampling excavation work which will follow.

This intermediate step, will allow for better targeting of the most prospective gravels, which in turn could lead to a faster route to defining the gravels with the best diamond grades, which is our aim.

### **4.0 Permitting Progress**

Geochemical assays from the ore characterization (auger) drilling are anticipated to be complete by late May. This is the final information required for the project's Mining Proposal that is required. POZ has liaised closely with DMIRS and the Company anticipates the Mining Proposal, which gives permission to mine, will be granted in June.

### **5.0 Corporate Activity**

On 10 May, POZ Executive Chairman Jim Richards presented the Blina Diamond Project to a full house at the Sydney Resources Round-up Conference. The presentation was very well received and generated considerable interest. To view a video of Mr Richards presenting, [click here](#) and click on the video dated 17 May 2018.



Mr Richards presenting the Blina Diamond Project at the Sydney Resources Round-up Conference

Mr Richards and POZ Director Grant Mooney will be presenting the Blina Diamond Project to investors in London from 21 to 22 May. This trip has also generated considerable interest.

## 6.0 Summary and Lookahead

The Company is very pleased with the exciting results from this auger drilling program, especially as this indicates that GPR geophysics surveys can assist in the discovery of prospective gravels and new alluvial channels. The diamond processing plant is on-track to be commissioned in the third quarter of 2018 and the bulk sampling operations will tie in with this commissioning. The required permitting processes are close to completion and the Company is looking forward to the Phase 2 auger drilling campaign and further defining the bulk sample gravel targets in June 2018.

Jim Richards  
Executive Chairman  
POZ Minerals Limited

Enquiries To: Mr Jim Richards +61 8 9422 9555

### References:

<sup>1</sup>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](#)

<sup>2</sup>Blina 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 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.

### Appendix A: Drillhole Collar Information

Auger Hole No	mE_MGA94	mN_MGA94	Hole Depth metres
PAG 01	686188	8059578	12
PAG 02	686032	8059781	10
PAG 03	685443	8060075	7
PAG 04	685606	8060133	11
PAG 05	685767	8060224	9
PAG 06	685612	8060467	9
PAG 07	685200	8060868	6
PAG 08	684991	8061057	9
PAG 09	684802	8060951	7
PAG 10	684992	8060651	9
PAG 11	684183	8061481	11
PAG 12	684109	8061606	9
PAG 13	684017	8061647	9
PAG 14	684335	8061795	7
PAG 15	684269	8061959	11
PAG 16	685110	8060435	8
Total			144

All holes are vertical



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

**Section 1 Sampling Techniques and Data**

Criteria	Commentary
Sampling Techniques	Drill spoil was brought to the surface by auger rotation and spilled onto two shovels on either side of the auger string. The shovels were removed and the spoil placed in a single pile in a cleared area beside the auger rig at the end of each metre. The Auger string was marked at 1m intervals to allow hole depth measurement.
Drilling Techniques	Sing Drilling used a 90mm trailer-mounted auger with 1.8m auger rods. All holes are vertical and were ended at the decision of the geologist.
Drill sample Recovery	Drill chip recovery was logged by the geologist as a visual estimate.
	The entirety of each geological unit was bagged, ensuring no sampling bias.
	No sampling bias is known or expected.
Logging	Drillholes were geologically logged during drilling. Mineral resource estimations, mining studies and metallurgical studies would not be applicable at this stage of exploration.
	Drill chip logging was quantitative in nature. Information collected includes: weathering, lithology, colour, texture, mineralogy, water content of sample, sample recovery, gravel composition and percentage of clasts, comments.
	All drillholes were logged in full.
Sub Sampling Techniques and Sample Preparation	No subsampling was undertaken. Spoil was sampled as is.
	Sample was collected as is. No preparation is necessary.
	Not applicable.
	All drill spoil was collected.
	Sample sizes are appropriate to the grain size of the material being sampled.
Quality of assay data and laboratory tests	Not applicable: samples were drilled to ascertain geology, not for laboratory analysis.
	See above.
	See above.
	Not applicable.

Criteria	Commentary
Verification of sampling and assaying	No twinned holes were drilled.
	Sampling 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.
	Not applicable.
Location of Data points	Drillhole collars were captured after drilling 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	Drillhole locations are shown in attached Figure
	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 geological structure	The drillholes are vertical whereas the palaeogravels they are testing are horizontal. It is unlikely this will result in any sampling bias.
	Drillholes are orthogonal to the Terrace 5 palaeogravels: no sampling bias is expected.
Sample Security	Samples were collected concurrent with drilling and were secured in green cyclone bags closed with cable ties. They were transported to Intertek Perth by Toll Ipec in a closed bulka bag and were inspected by POZ staff upon arrival in Perth.
Audits or reviews	Not applicable to the aims of this auger drilling program.

## Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	M04/467 was granted on 13 <sup>th</sup> October 2017 with no conditions and is held 100% by POZ Minerals Limited.
	M04/467 is granted with no impediments.
Exploration done by other parties	<p>A number of companies have previously completed exploration in the Ellendale Field. The following is a summary of this work.</p> <p><b>Ashton Joint venture (1976-1988)</b> 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.</p> <p><b>Stockdale Prospecting Limited (1987-1993)</b> Regional loam sampling; airborne multi-spectral scanning; aeromagnetics; ground magnetics; SIROTEM; drilling; bulk sampling.</p> <p><b>Diamond Ventures/Ellendale Resources/Auridiam (1994-1997).</b> Accession report a64924. Initial JV flew detailed low-level aeromagnetic survey, discovering five new lamproite pipes; bulk testing of pipes.</p> <p><b>Kimberley Diamond Company Limited (KDC) (1994-2004).</b> 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.</p> <p><b>KDC-Blina Diamonds NL (2004)</b> Accession report a69826. Drilling of Falcon geophysical targets; heavy mineral sampling; termite mound geochemical sampling.</p> <p><b>Blina Diamonds NL (2005-2008)</b> 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.</p>
Geology	The Blina Diamond Project is a diamond-bearing palaeogravel in which the majority of diamonds are derived from the Ellendale 9 lamproite pipe ( <a href="#">POZ ASX announcement dated 06 November 2017, section 3.3</a> ).
Drillhole Information	See Appendix A
Data aggregation methods	Not applicable.
	Not applicable.
	Not applicable.
Relationship between mineralisation widths and intercept lengths	Reported gravel intercepts are true widths.

Criteria	Commentary
Diagrams	Refer to <b>Figures, References</b> and <b>Appendices in</b> body of text.
Balanced reporting	All auger holes from this drilling campaign are recorded in this Announcement.
Other substantive exploration data	See previous ASX announcements dated <a href="#">9 October 2015</a> , <a href="#">16 October 2017</a> , <a href="#">18 October 2017</a> , <a href="#">6 November 2017</a> , <a href="#">22 November 2017</a> , <a href="#">7 December 2017</a> , <a href="#">12 February 2018</a> , <a href="#">21 March 2018</a>
Further work	A full bulk sampling and trial mining operation is planned for Terrace 5 in 2018. Refer to <a href="#">POZ Investor Presentation</a> , <a href="#">RIU Sydney Resources Round-up</a> .