

ASX RELEASE

30 April 2018

ASX Code: POZ



QUARTERLY REPORT

Period Ending 31 March 2018

Summary:

Blina Diamond Project

(100% POZ)

- Successful **\$1 Million Capital Raising heavily oversubscribed**. Funds being used to purchase plant and equipment and progress field operations at the Blina Diamond Project
- Successfully completed an **aboriginal heritage clearance survey** over the mining and camp areas, all areas cleared
- On-ground **Fauna and Flora survey** completed.
- Appointment of **Mr Tom Reddicliffe** BSc (Hons), MSc (Geol) FAusIMM as the Company's Diamond Processing Plant Consultant. Mr Reddicliffe is responsible for the planning, design and procurement of the processing plant equipment for the Blina Project.
- Subsequent to the end of the quarter, the Company made two major equipment purchases for the diamond processing plant, a 50 tonne per hour **trommel** and two **diamond 'Sortex' recovery machines**. Engineering work on the diamond recovery plant is currently underway.
- Various permits granted by government agencies including **water extraction permits** for the camp and processing plant,
- Company is on-track to commence **bulk sampling operations** of priority targets in June 2018

POZ Gold Projects – Accelerate Resources Limited ('AX8') Listed on ASX

- The successful sale agreement with Accelerate Resources Limited ('AX8') over the POZ Mount Monger and Bulgera Gold Projects was executed on 22 January. **AX8 listed on the Australian Stock Exchange** on 14 February 2018
- POZ holds 3,000,000 AX8 shares (escrowed for one year) at an issue price of \$0.20 each making POZ the equal **largest shareholder in AX8**



8.4 carat diamond (Fancy Yellow) previously recovered from the Blina Project alluvials (POZ ground) during Terrace 5 sampling.

1.0 Blina Diamond Project, WA

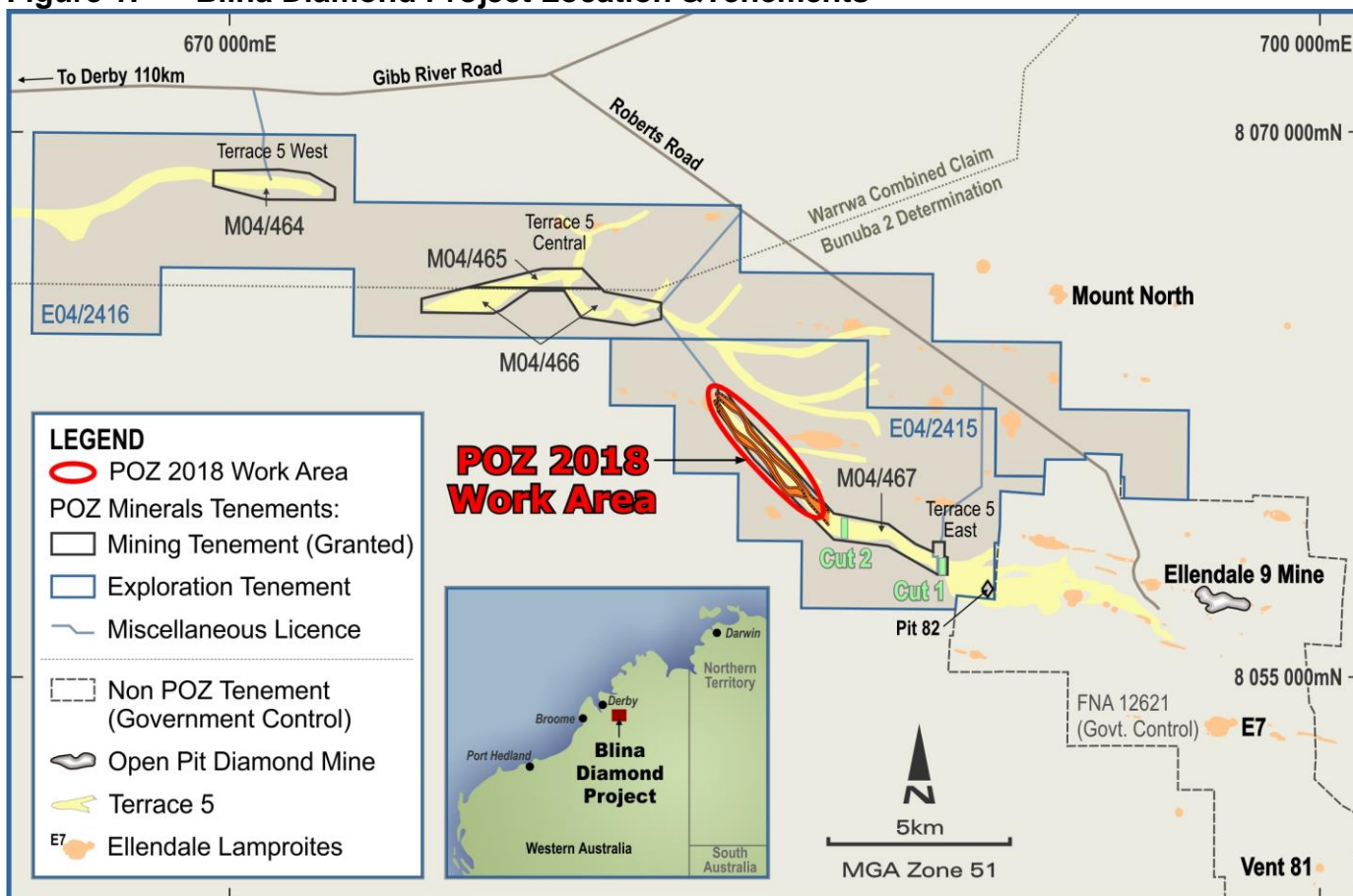
POZ 100%

The Blina Diamond Project in the Ellendale Diamond Province of WA's Kimberley Region is 100% owned by POZ Minerals Limited ('POZ' or the 'Company'). The project consists of four granted mining leases and two exploration leases within an area of 161 km², 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 (from Pit 82, Figure 1), with stones larger than two carats common.

The key to exploring the Terrace 5 diamondiferous channel is to find the best alluvial trap sites which are most likely to host the highest diamond grades, these trap sites usually occur around the sediment/bedrock contact. POZ Minerals has completed a ground geophysics survey using the latest in Ground Penetrating Radar (GPR) technology and the Company believes we now have a fast and inexpensive breakthrough technique which can discover these trap sites and their highly prospective diamondiferous gravels. Bulk sampling of these targets is scheduled to commence in June this year.

Figure 1: Blina Diamond Project Location & Tenements



2.0 Successful Capital Raising

During the quarter, the Company successfully raised \$1 million in a heavily oversubscribed capital raising. This consisted of a \$500,000 Share Purchase Plan (SPP) together with a \$500,000 share placement (Placement).

The SPP provided shareholders, with the opportunity to subscribe for up to \$15,000 worth of POZ shares each at the issue price of 9 cents per share. This represented a 17% discount to the 5 day volume weighted average trading price of POZ shares.

The Placement of 5,555,556 shares was also at 9 cents per share and raised \$500,000 to sophisticated investors pursuant to the 'excluded offer' provisions of the Corporations Act, utilizing the Company's 15% share issue capacity.

The money was raised in order to purchase diamond recovery plant and equipment and progress field operations towards Stage 1 bulk sampling and trial mining at the Blina Diamond Project.

3.0 Heritage Clearance Survey Successfully Undertaken

During the quarter, POZ successfully completed an aboriginal heritage clearance survey which took place from 20 to 22 March. This survey was conducted with the assistance of the Bunuba Dawangarri Aboriginal Corporation (BDAC), Traditional Owners from the area and anthropologist and archaeologist Mr Robin Stevens of Stevens Heritage Services. POZ Executive Chairman Mr Jim Richards and Project Geologist Michael Denny also took part.

This survey was conducted over the areas that will be affected by the upcoming POZ mining activities and the Company can confirm that all of the areas included within the survey including the camp, processing plant, mining areas within mining lease M04/467 and associated access tracks (covered by miscellaneous licenses) were cleared by the Traditional Owners.

The Company would like to thank BDAC for their assistance in organising this survey and the Traditional Owners who took part. This is another important milestone for the Company and both parties look forward to implementing the employment and benefits package which will flow to Bunuba people as a result of the development of the Blina Diamond Project.



The Bunuba heritage clearance survey team and Company personnel



Lunch stop

4.0 Fauna and Flora Survey

From 24 to 26 March a Level 1 fauna and flora survey was successfully conducted over mining lease M04/467 by biologists from environmental consultancy group Animal Plant Mineral Pty Ltd. This survey was requested by the Department of Mines, Industry Regulation and Safety (DMIRS) in a letter to POZ dated 16 March 2018. The aim of the survey is to provide further field data to supplement the original POZ Mining Proposal data.

5.0 POZ Diamond Processing Plant

The Company is assembling a processing plant for the treatment of diamondiferous gravels at its 100% owned Blina diamond project.

5.1 Appointment of Mr Tom Reddicliffe

During the quarter the Company appointed Mr Tom Reddicliffe BSc (Hons), MSc (Geol) FAusIMM as the Company's Diamond Processing Plant Consultant. Mr Reddicliffe is responsible for the planning, design and procurement of the processing plant equipment which will be used later this year for the bulk sampling and trial mining at the Blina Diamond Project in Western Australia.

Mr Reddicliffe has considerable knowledge of diamond treatment plants, he is a geologist with some 35 years of largely Australian focused diamond exploration, evaluation and trial mining experience having graduated with an Honours degree in geology in 1974 from the University of Queensland. He is currently a Fellow of the Australian Institute of Mining and Metallurgy.

Mr Reddicliffe is credited with discovering the Merlin diamond pipes in the Northern Territory in 1993 which became a renowned producer of large, good quality, white diamonds. Merlin produced Australia's largest diamond - the 104.73 carat gemstone Jungiila-Bunajina.

The Board of POZ Minerals is delighted Mr Reddicliffe has joined our team and his unique blend of experience and ability is already making a significant contribution to the Blina Diamond Project.

5.2 Major Equipment Purchase – Diamond Processing Plant

Subsequent to the end of the quarter, the Company made two major equipment purchases, the first was a 50 tonne per hour trommel, which will be the single largest item of equipment on the processing plant.

This trommel is the same one that was originally used at the Blina Diamond Project by the previous operators in 2005 and 2006. This piece of equipment has been shown to be highly effective and fit for purpose for treating the alluvial gravel types which have been encountered at Blina.

Recently Purchased 50 tonne per hour Trommel with POZ Chairman Mr Jim Richards and POZ Processing Plant Consultant Mr Tom Reddicliffe



The second major equipment acquisition was two duplex X-ray Flowsort diamond recovery machines ('Sortex' machines). This equipment was last used on production at the Ellendale minesite in the West Kimberley (adjacent to the Blina Project) and was operating at the time the diamond mine closed in 2015. This Sortex equipment has been proven to work very efficiently for the recovery of the diamond types and sizes which have been previously found at the Ellendale 9 mine and the POZ Blina Project.

Recently purchased X-Ray Sortex diamond recovery machines (control panels on right hand side) with POZ Chairman Jim Richards



5.3 Processing Plant Engineering Works

Subsequent to the end of the quarter, POZ commissioned an engineering group with extensive processing plant experience, to undertake the required work on the POZ processing plant, this work is currently underway.

6.0 Soil Augering Program

During March, a soil augering program over mining lease M04/467 was conducted with the aim of gathering samples from the various soil horizons to assay for deleterious materials for waste material (overburden) characterization work. Follow-up waste and ore characterization drill work using an auger rig is planned to commence on 30 April.

7.0 Water Extraction Permits Granted

During the quarter, a water extraction permit was issued by the Department of Water and Environmental Regulation (DWER) for both the POZ camp bore and for the POZ Diamond Processing plant.

The Processing Plant permit entitles POZ to take 350,000 kilolitres (tonnes) of water per annum for the purpose of 'mineral processing and other mining purposes'.

8.0 Blina Diamond Project Lookahead Work Program

Achievements So Far

- ✓ Historic mining Agreement with Bunuba Dawangarri Aboriginal Corporation
- ✓ Grant of four Mining Tenements and two Miscellaneous Licenses
- ✓ On-ground Fauna and Flora survey report completed
- ✓ Additional GPR survey for better alluvial trap site target resolution
- ✓ Heritage clearance survey successfully completed with Traditional Owners
- ✓ Q2&3: purchase of major plant equipment and configure - ongoing
- ✓ April: commence ore characterisation drilling for Mining Proposal

Operational Goals to December 2018

- ***June: Commence bulk sampling operations of priority targets***
- ***Q3: Commission plant, commence diamond recovery***
- ***Q4: Commence trial mining on best grades***

9.0 Listing of Accelerate Resources Limited ('AX8') on the ASX

On 22 January 2018, the sale agreement over the POZ Mount Monger and Bulgera Gold Projects ([ASX Release](#)) was executed with the payment to POZ of \$30,000 cash. The incoming party, Accelerate Resources Limited ('AX8') listed on the Australian Stock Exchange on 14 February 2018.

- AX8 has become the beneficial owner of the Mount Monger and Bulgera Gold Projects, and;
- AX8 has issued 3,000,000 shares to POZ at a deemed issue price of \$0.20 each for a total value of \$600,000. These shares are listed on the ASX (Code: 'AX8') and are escrowed for 12 months.
- AX8 has issued 1,000,000 options to POZ at an exercise price of \$0.25 per Option and an expiry date on 30 April 2021.

The Board of POZ considers this to be an excellent outcome for our shareholders. POZ is the equal largest shareholder in AX8 and the Company still retains a strong exposure to these quality gold projects through our 1% gross royalty.

10.0 Summary and Outlook

The Company is pleased with the excellent progress made at the Blina Diamond Project during the quarter. A good start to the fieldwork season has taken place with the successful heritage clearance survey, on-ground fauna and flora survey and ore characterisation work. Important permits to operate have also been secured and further work is ongoing.

Bulk sampling is scheduled to commence in June this year. This will be an exciting program as at this point we will be able to directly assess the prospectivity of the target gravel trap sites which were discovered by the Ground Penetrating Radar (GPR) surveys last year. The gravels from this sampling will be placed on the ROM pad to be fed into the POZ diamond recovery plant, which will be commissioned during the third quarter of 2018.

The Company is well placed to move its activities forward with a cash balance of approximately \$2.38 million (31 March 2018).

Jim Richards
Executive Chairman

Enquiries To: Mr Jim Richards +61 8 9422 9555

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](#)

²Terrace 5 Diamond Valuation POZ ASX Release dated 6 November 2017 [click here](#)

³Blina Diamond Project, Gamechanger GPR Survey; POZ ASX Release dated 18 October 2017 [click here](#)

⁴Australian Landforms Understanding a Low, Flat, Arid and Old Landscape (Rosenberg Publishing) 2012, by E.M. Campbell, C. R. Twidale. Page 104

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 previously reported exploration results 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 - Interests In Mining Tenements

Table 1: Western Australia

Lease	State	Status	Held at end of quarter %	Acquired during the quarter %	Disposed of during the quarter %	Beneficial interests in farm-in or farm-out agreements at the end of the quarter
E04/2415	WA	Granted	100%	0%	0%	Granted
E04/2416	WA	Application	100%	0%	0%	Application
E04/2479	WA	Application	100%	0%	0%	Application
E04/2488	WA	Application	100%	0%	0%	Application
E04/2489	WA	Granted	100%	0%	0%	Granted
E04/2519	WA	Application	100%	100%	0%	Application
E04/2526	WA	Application	100%	100%	0%	Application
M04/464	WA	Granted	100%	0%	0%	Granted
M04/465	WA	Granted	100%	0%	0%	Granted
M04/466	WA	Granted	100%	0%	0%	Granted
M04/467	WA	Granted	100%	0%	0%	Granted
E20/908	WA	Application	100%	0%	0%	Application
E25/525	WA	Granted	100%	0%	0%	Granted
E38/3038	WA	Granted	100%	0%	0%	Granted
E38/3058	WA	Surrendered	0%	0%	100%	Granted
E38/3161	WA	Surrendered	0%	0%	100%	Granted
E52/3276	WA	Granted	100%	0%	0%	Granted
E52/3316	WA	Granted	100%	0%	0%	Granted
E69/2820	WA	Granted	20%	0%	0%	JV with Alloy Resources Limited
E69/3401	WA	Application	100%	0%	0%	Application
E80/4953	WA	Application	100%	0%	0%	Application
E80/5109	WA	Application	100%	0%	0%	Application
E80/5134	WA	Application	100%	0%	0%	Application
L04/98	WA	Granted	100%	0%	0%	Granted
L04/99	WA	Application	100%	0%	0%	Application
L04/100	WA	Granted	100%	0%	0%	Granted
L04/105	WA	Granted	100%	100%	0%	Granted
LO4/106	WA	Application	100%	100%	0%	Application

Table 2: Northern Territory

Lease	Mineral Field	Location	Status	Held at end of quarter %	Acquired during the quarter %	Disposed of during the quarter %	Beneficial interests in farm-in or farm-out agreements at the end of the quarter
EL25068	NT	Highland Plains	Granted	100%	0%	0%	POZ 100%:
EL30891	NT	HP West	Surrendered	0%	0%	100%	Surrendered