

ASX RELEASE

8 October 2018

ASX Code: POZ



Operations and Diamond Processing Plant Update Blina Diamond Project

HIGHLIGHTS

- Engineering on the Blina diamond processing plant, including screens, trommel and the Sortex diamond recovery machines is close to completion.
- Full permitting for a 'shovel ready' project is anticipated to be finalised by November 2018.
- Company to present at the Gem Rendezvous conference in Singapore on 27 October 2018. Mr Richards will also attend an event organized by the Diamond Exchange of Singapore.
- POZ Directors Jim Richards and Grant Mooney joined government DMIRS officers and other interested parties for a field visit of the Ellendale Diamond Minesite on 18 September with a view to bidding for this lease.

POZ Diamond Sortex Machines Close to Completion



1.0 Introduction: Blina Diamond Project, WA

POZ 100%

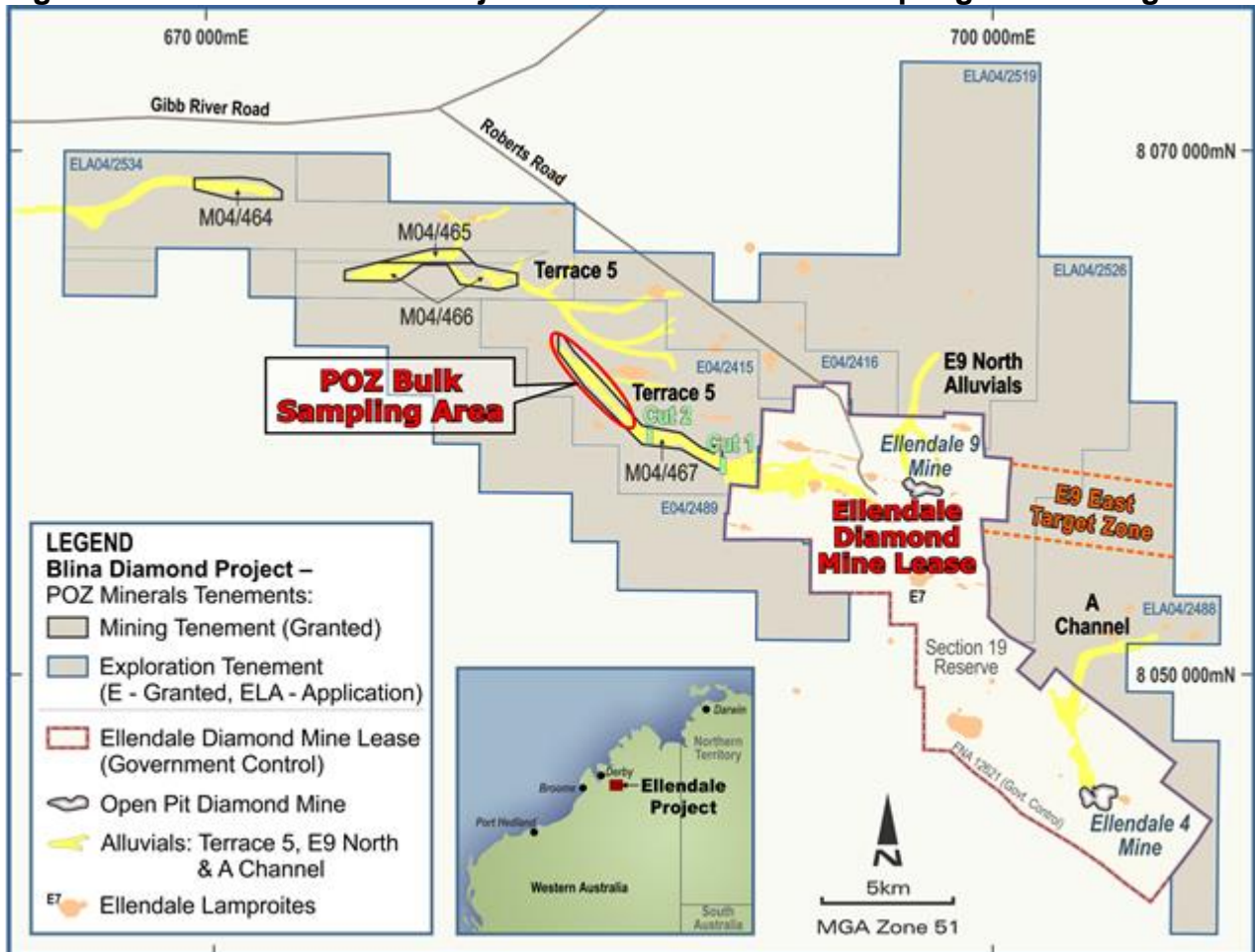
POZ Minerals Limited ('POZ' or the 'Company') operates the Blina Diamond Project in the Ellendale Diamond Province of WA's Kimberley Region. The project consists of four granted mining leases and various exploration leases within an area of 436 km², situated 110km east of Derby.

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 high quality stones larger than two carats common, a significant number of the diamonds are Fancy Yellows.

The Company has defined numerous high grade targets using the latest in Ground Penetrating Radar technology² over proven diamondiferous channels at Terrace 5. A recent Company 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, which will lead into trial mining of the best grades.

Figure 1: Blina Diamond Project Location with Bulk Sampling/Trial Mining Area



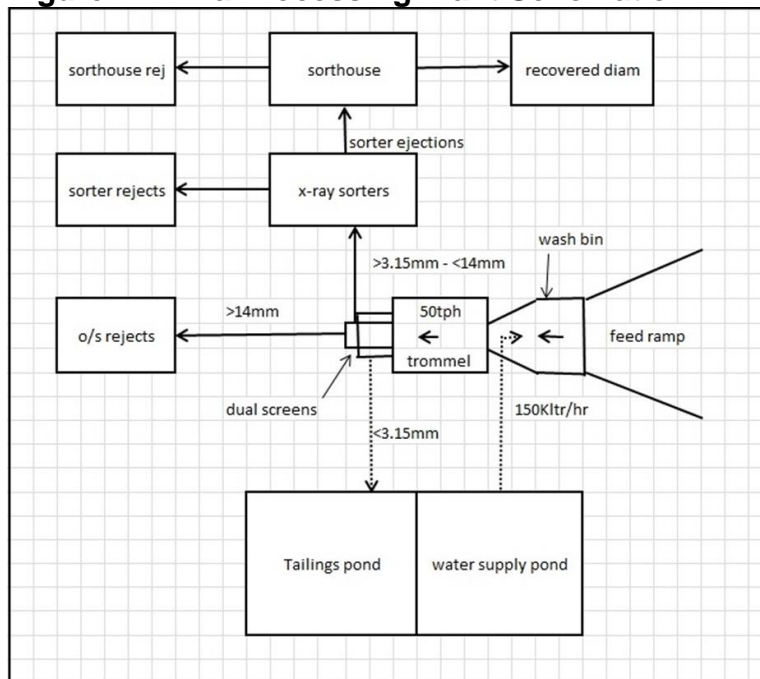
2.0 Blina Diamond Processing Plant Update

The bulk sampling/trial mining alluvial material will be treated at Blina through a Company owned processing plant which is currently being configured in Perth. This report summarises the status of this plant and equipment and the processing methodology.

The Blina Project alluvial gravels are free dig and does not require crushing. Gravel treatment is through a simple alluvial washplant and diamond recovery circuit. The main components of this processing plant have already been acquired or fabricated and are wholly owned assets of the Company, they consists of the following:

1. **Wash bin chute:** to feed the gravels into the trommel. This has been fabricated.
2. **Trommel:** to disaggregate the clay from the gravels. This 30m³ per hour unit has been purchased and refurbished.
3. **Screens:** The sizing and de-watering screen unit sits on the end of the trommel and separates the material into three size fractions. This screen unit has been fabricated and is complete.
4. **X-Ray Diamond Sortex:** this machine separates the diamonds from the sorted target gravel size fraction ('concentrate' or 'middlings'). POZ's twin array Sortex system is estimated for completion by November.

Figure 2: Blina Processing Plant Schematic



This plant and machinery are currently being stored at the Company's engineering workshops in Perth. Once the equipment has been transported to site, water and electrics will be configured and the plant will be commissioned.

2.1 Wash Bin Chute

The mined gravels are placed into the feed bin chute and washed into the trommel under gravity via static water feed jets, see below.

Wash bin chute



Note the smooth feed outlet inside the bin to prevent hang-ups of diamonds

2.2 Trommel

A 30m³ per hour trommel has been purchased and refurbished. This unit was previously used at Blina and is suitable for the type of material the Company will encounter.



The Company-owned trommel with POZ Chairman Mr Jim Richards and POZ Processing Plant Consultant Mr Tom Reddicliffe

2.3 De-watering and Sizing Screens

For simplicity and to lower plant capex and operating costs, the dewatering and sizing screens have been incorporated into a rotary unit that attaches to the end of the trommel. The screens separate the material into three size fractions:

- a. +14mm: oversize discards
- b. -14mm to +3.15mm: concentrate (middlings) to the diamond Sortex machine
- c. -3.15mm: undersize/slimes to the tailings dam

This dewatering and sizing screen unit is fully fabricated and is ready for shipment.

Dewatering and sizing screen unit



Note the rotating inner 14mm screen is a sleeve within the 3.15mm outer screen. This configuration allows simultaneous sizing and dewatering within the one unit and is attached to and powered by the trommel assembly. The oversize is transited out of the unit via an extension sleeve (not shown in photo).

2.4 POZ Sortex Machines

Earlier in the year, the Company purchased four Sortex (*Flowsort*) machines from the Ellendale diamond minesite. This Sortex technology is proven over many years of operations at Ellendale to be a cost-effective and highly effective method of diamond recovery for the Ellendale/Blina type diamonds. Two of these machines have now been refurbished, rewired, and mounted into a dual array system within a sea container for ease of transport and for site security.

The POZ owned Sortex unit is the final component of the processing plant. The concentrate from the screens will be transported via a Sanko conveyor into the feed hoppers on the top of the Sortex unit (see photos).

The only work now remaining is for a *Flowsort* technician from South Africa to run and fit the low voltage sensor cabling from the control panels to the Sortex machines and complete the final operational testing, which is planned for a November completion. The remaining two Company-owned Sortex machines remain in storage and can be commissioned should further capacity be required.

POZ Owned Sortex machine array



Dual array diamond Sortex recovery system built by POZ using Ellendale Sortex machines. Control panel on LHS



New fittings have been installed throughout



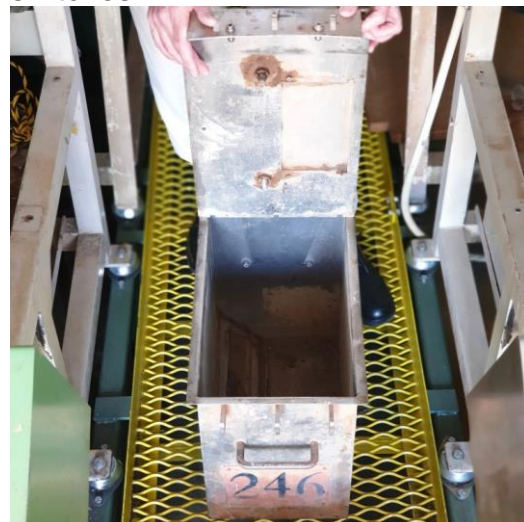
Concentrate feed hoppers on roof of Sortex unit. Feed in via Sanko conveyor



Sortex unit has all new wiring and trip switches



Note the secure diamond recovery box (#246) with multi-padlock brackets for double-handling security protocols



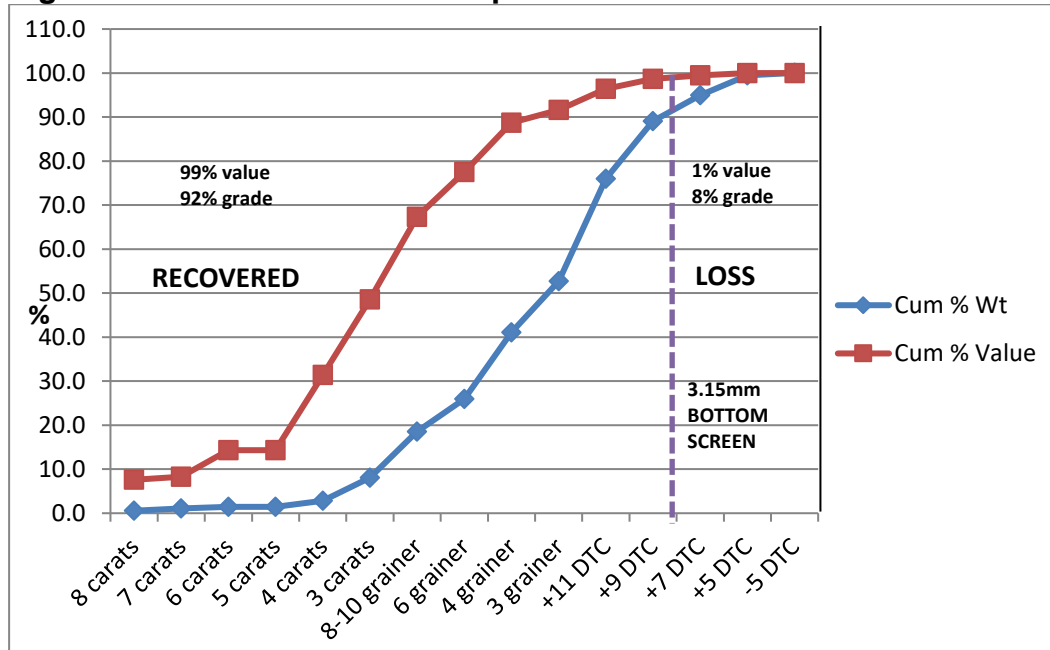
Secure diamond recovery box, note the internal water drain panel on LHS. POZ have eight such boxes

3.0 Processing Plant Recoveries: Diamond Value vs Size

The per carat value of the Blina diamonds increases considerably with diamond size (POZ [ASX Release](#) dated 6 November 2017). POZ has designed plant screen sizes in order to optimize and balance processing plant throughput rates versus economic recoveries of diamonds.

The processing plant circuit is designed to recover diamonds in the 3.15mm to 14.00mm size range. Previous sampling of Terrace 5 gravels at Blina indicates this size fraction represents 99% of diamonds in the channel by value and 92% by grade. This notionally allows the recovery of diamonds in the range of 0.22 carats up to approximately 20 carats.

Figure 3: Plant Recoveries Comparison Blina Diamond Value and Size



4.0 Plant Commissioning

Plant commissioning will include the laying down of a laterite pad, drilling a waterbore, fitting of electrics and hydraulics, water piping, and the excavation of a tailings storage facility (TSF). The plant processing area has already been partially cleared in anticipation of the water bore drilling.

Processing Plant Area at Blina: initial clearing for water bore drilling



5.0 Permitting Update

The latest iteration of the Blina Project Mining Proposal was lodged with the Department of Mines, Industry Regulation and Safety (DMIRS) on 18 September. This permitting has taken longer than anticipated, however, the Company believes this proposal is now close to being granted.

The Blina Project Management Plan (safety case document) will be lodged with DMIRS this month. This is the final permitting required prior to bulk sampling/trial mining/full scale mining.

The Company anticipates that the Blina Project will be fully permitted (shovel ready) by November 2018.

6.0 Corporate Activity

Mr Richards will speak at the Gem Rendezvous conference in Singapore on the 27 October. Various broker and investor meetings will follow and Mr Richards will also attend an event organized by the Diamond Exchange of Singapore.

POZ Directors Jim Richards and Grant Mooney joined government DMIRS officers and other interested parties for a field visit of the Ellendale Diamond Minesite on 18 September to assess the potential of the project prior to a POZ application under the EOI process. 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 see [ASX Release](#).

7.0 Summary and Lookahead

The Company is excited by progress to date at the Blina Diamond Project. The processing plant including the Sortex diamond recovery machines are close to completion and permitting is being finalised.

The Project represents a near shovel-ready bulk sampling/trial mining proposition with very low OPEX and CAPEX requirements and a unique and world class product in the form of Ellendale Fancy Yellow diamonds.

The Company is currently progressing the necessary funding requirements prior to the mobilisation of the sampling and trial mining equipment to the field.

Jim Richards
Executive Chairman
POZ Minerals Limited

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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](#)

²Blina Diamond Project, Gamechanger GPR Survey; POZ ASX Release dated 18 October 2017 [click here](#)

³Trenching Discovers New Gravel Targets at Blina; POZ ASX Release dated 6 August 2018 [click here](#)

⁴Maiden 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.

^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.