

## ASX RELEASE

28 June 2017

ASX Code: POZ



## QUARTERLY REPORT

Period Ending 30 June 2017

### Summary:

#### Blina Diamond Project, WA

- POZ Minerals' Blina Diamond Project in the Kimberley region of WA covers a 40 km long diamond bearing palaeo-channel named Terrace 5. The channel drains the previously mined Ellendale diamond field which is renowned as a globally significant source of high-value **fancy yellow diamonds**.
- A **Ground Penetrating Radar (GPR)** survey was conducted in May 2017. This work targeted alluvial trap sites with the potential to host bonanza grade diamond deposits within the ancient Terrace 5 gravels. Data from this survey is being assessed.
- Exploration licence E04/2415 was recently granted and the Company's mining lease applications are progressing through the permitting process with the Company seeking an early grant.

#### Gold and Phosphate Projects

- With greater focus on the Blina Diamond Project, the Company is reviewing divestment options for the Laverton, Bulgera and Mount Monger gold assets in WA and also continues to field enquiries relating to the Highland Plains Phosphate Project in the NT.



**Blina Diamond Project:** Members of the Bunuba Dawangarri Aboriginal Corporation meeting with POZ Chairman Jim Richards and POZ geologist Michael Denny during a field trip to site on 4 and 5 May 2017.

## 1.0 Blina Diamond Project, WA

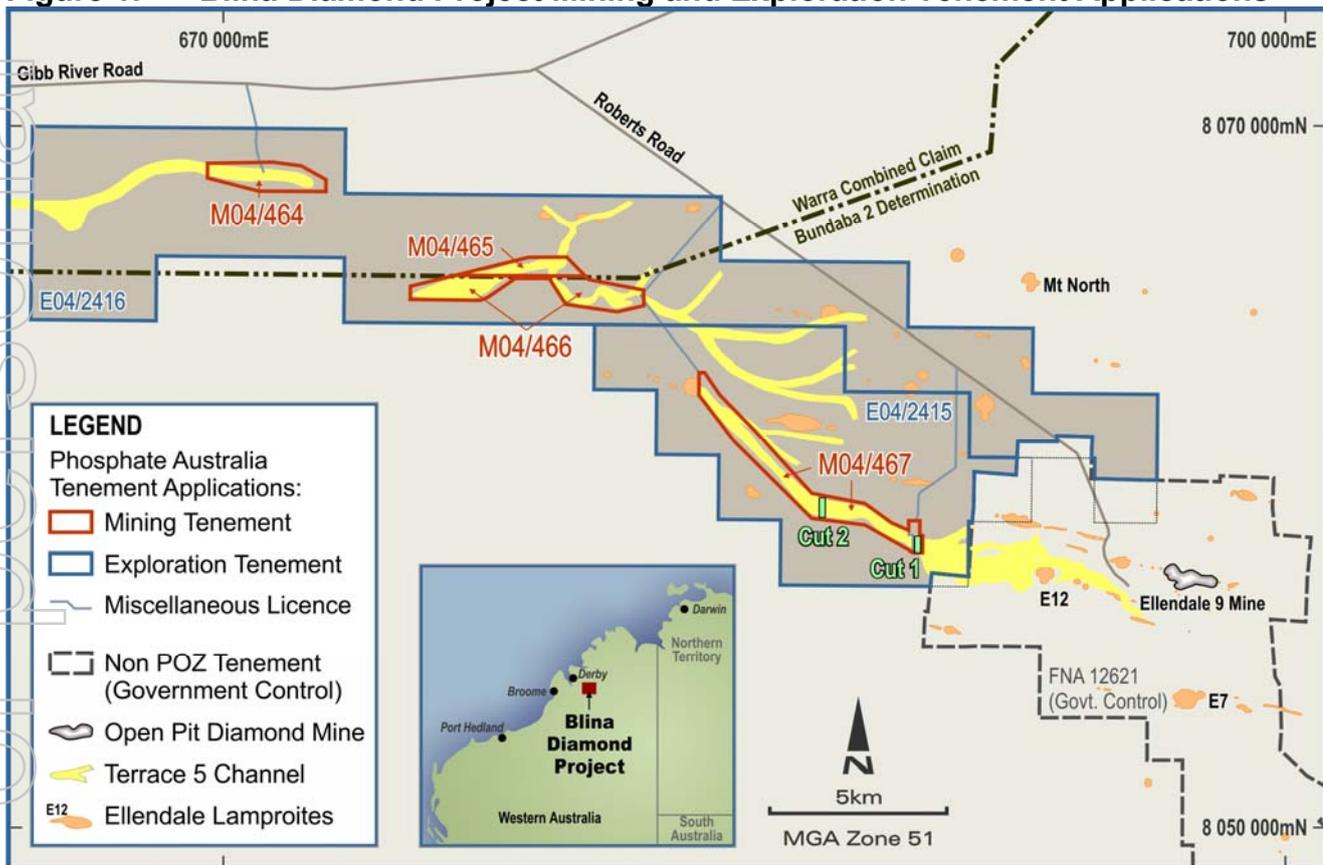
POZ 100%

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 mining lease applications and two exploration leases (of which one (E04/2415) was recently granted) 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, with channel widths of 200 to 500m. Diamonds recovered from the Terrace 5 gravels are considered large, with an average stone size of around 0.4 carats. Most stones are of gem quality. The largest diamond recovered to date from Terrace 5 weighed 8.44 carats (from BLBS082)<sup>1</sup>, 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 interface. POZ Minerals recently completed a ground geophysics survey using the latest in Ground Penetrating Radar (GPR) technology and the Company is assessing this data in order to generate targets for a bulk sampling program in 2018.

**Figure 1: Blina Diamond Project Mining and Exploration Tenement Applications**



### 1.1 Exploration Model and Targeting Methodology

The aim of the Blina exploration program is to discover commercial concentrations of alluvial diamonds within the ancient Terrace 5 gravels. The target areas are alluvial trap sites which have concentrated the diamonds within the channel and which have the potential to host high grade or bonanza diamond deposits.

These types of high grade diamond trap sites do not follow the ancient river bed in one consistent strand, instead they are often specific to spot locations and may vary in diameter from a few metres to hundreds of metres. The best trap sites occur in areas that had fast flowing (high energy) water and can include pot holes, scours, gullies, riffles, bars, boulder fields or any other mechanism which can cause diamonds to become trapped and concentrated. This is usually where the alluvial gravels interface with the bedrock in the bottom of the river and in bedrock topographic lows.

## 1.2 POZ Ground Penetrating Radar Survey – May 2017

In May 2017, geophysical consulting group CORE Geophysics Pty Ltd conducted a ground penetrating radar (GPR) geophysical survey over the company's mining lease applications. GPR is a very powerful technique for shallow investigations such as POZ is planning (2 to 10 metres). The aim of this survey was to define the bedrock-cover contact and thus discover alluvial trap sites within bedrock lows which have the potential to host high grade or bonanza diamond deposits.

The technique works by transmitting a pulse of radar energy into the ground and recording the strength and the time required for the return of any reflected signal. A series of pulses over a single area make up what is called a scan. Reflections are produced whenever the energy pulse enters into a material with different electrical conductivity properties and can be an excellent way to map the bedrock-cover contact which is so important when targeting alluvial trap sites. Operator controlled variations to signal frequency allow depth penetration to be adjusted.<sup>2</sup>



*POZ Chairman Jim Richards and geophysicist Mathew Cooper conducting the GPR Survey at Bliina in May 2017. GPR tool is the yellow 'snake' to front. DGPS carried by operator.*

POZ's methodology is to use GPR to target alluvial trap sites on palaeo-topographic lows. These targets can then be specifically bulk sampled and systematically assessed for diamond grade, potentially leading to the delineation of economic diamond deposits some of which could have bonanza grades.

Most of the mining lease application areas have been covered by the GPR surveying, with line spacing roughly every 200 metres. Data from this survey is still being assessed, Company geologists are working on merging and modelling the GPR data with existing LIDAR height survey data, creating bedrock topographic maps to target areas of faster flow in the palaeoriver system and interpreting the data to find alluvial trap sites.

### 1.3 Grant of Tenements

Exploration licence E04/2415 in the southern project area was granted on 13 June 2017. This represents a useful step in allowing greater access for work programs to the Blina Project area.

The most effective way to conduct the operations required to test the trap site targets, is by having fully permitted mining leases which allow for the extraction of the large tonnages required for bulk sampling and also give the flexibility to quickly transition to trial mining operations.

POZ has applied for four mining leases covering a total of 11.6 km<sup>2</sup>. These are the parts of the project which are considered the most prospective, based upon previous work<sup>1</sup>. POZ believes that should a commercial diamond mining operation be possible on the project area, it is most likely to be hosted within the areas now covered by our mining lease applications.

The mining lease applications were applied for on 20 April 2016 and have completed the six months advertising period required under the *Native Title Act (1993)*. Two Native Title groups have claims over the project area, the Bunuba and the Warrwa. The claim boundary between these two groups is shown on Figure 1.

So far this year, POZ Executive Chairman Jim Richards has had three meetings with the Warrwa group and three meetings with the Bunuba group, the most recent of which was on 20 July; these meetings have been constructive and friendly. Negotiations are continuing and the Company is optimistic that a mutually beneficial agreement with both of these groups will be achieved. A further meeting is scheduled for mid-August.

Should an agreement with the Native Title Groups be reached, there would be no further impediment to the grant of the mining licenses. At that point heritage clearance surveys will be conducted and then a Program of Works will be lodged with the Department of Minerals and Energy in order to allow bulk sampling operations to commence.

POZ is doing all that it can to progress these negotiations in good faith. However, in case an agreement is not reached, the Company lodged a Section 35 Future Act Determination Application (FADA) with the Native Title Tribunal over the mining leases on 19 June 2017. This will lead to a determination by the National Native Title Tribunal as to the grant of the mining leases.

Rather than use the Section 35 process, it is the Company's preference to reach a mutually beneficial negotiated agreement with the Native Title parties.

<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:

<sup>2</sup> <http://www.geophysical.com/whatisgpr.htm>

## 2.0 Gold Projects (WA)

**POZ 100%**

POZ holds a 100% stake in the Bulgera and Mount Monger Gold Projects in WA. Both projects are close to existing milling infrastructure and represent advanced exploration assets with strong potential to convert known mineralisation to resources, as well as exploration upside for further discoveries.

POZ also holds a 100% interest in the Laverton Gold Project, 10 km southeast of Laverton in the highly-endowed Mount Margaret district of Western Australia. The tenements are just 8km east from Goldfields' world class +11Moz Granny Smith gold deposit (with underutilized plant capacity of 3.5 Mtpa), 21km from Barrick's 8Moz Wallaby gold mine, and 35km from AngloGold Ashanti's +10Moz Sunrise Dam gold mine.

Given the current emphasis of POZ on the Blina Diamond Project, the Company is considering various options to farm-out the gold assets and will keep the market informed as these negotiations develop.

## 3.0 Phosphate Project (Northern Territory)

**POZ 100%**

The Highland Plains Phosphate Project in the NT has a JORC Code (2004) compliant Inferred Resource of 53 million tonnes at 16% P<sub>2</sub>O<sub>5</sub> (ASX release 31 March 2009).<sup>A</sup> The Project is 100% owned by POZ and has no private royalties.

POZ continues to speak with interested parties with a view to finding an equity partner for Highland Plains.

## 4.0 Summary and Outlook

The Blina Diamond Project has excellent potential to deliver a relatively simple and low capital cost alluvial mining operation. The Company believes that combining the latest GPR technology with the extensive historic exploration data is the best way to acquire the bulk sampling targets required to progress this venture.

The recent Company GPR survey at Blina is an exciting development and POZ is ensuring this project progresses as rapidly as possible.

With greater focus on the Blina Diamond Project, the Company is seeking various options to farm-out the companies gold assets and also continues to field enquiries relating to the Highland Plains Phosphate Project.

The Company is well placed to move its activities forward with a cash balance of approximately \$2.0 million (30 June 2017).

Jim Richards  
Executive Chairman

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*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.*

*The Information in this report that relates to Highland Plains Mineral Resources is based on information compiled by Rick Adams and Ted Hansen who are members of the Australasian Institute of Mining and Metallurgy. Rick Adams and Ted Hansen are directors of Cube Consulting Pty Ltd. and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a competent Person as defined in the December 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Rick Adams and Ted Hansen consent to the inclusion in this report of the Information, in the form and context in which it appears.*

*<sup>A</sup>The Company is not aware of any new information or data that materially affects the information included in the previous announcement (JORC 2004) and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement/year have not materially changed.*

## 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%	100%	0%	Granted
E04/2416	WA	Application	100%	0%	0%	Application
E04/2479	WA	Application	100%	100%	0%	Application
E04/2488	WA	Application	100%	100%	0%	Application
E04/2489	WA	Application	100%	100%	0%	Application
E04/2463	WA	Withdrawn	100%	100%	0%	Application
M04/464	WA	Application	0%	0%	100%	Application
M04/465	WA	Application	100%	0%	0%	Application
M04/466	WA	Application	100%	0%	0%	Application
M04/467	WA	Application	100%	0%	0%	Application
E20/908	WA	Application	100%	0%	0%	Application
E25/525	WA	Granted	100%	0%	0%	Granted: Partial Surrender of 7 blocks
E38/3038	WA	Granted	100%	0%	0%	Granted
E38/3058	WA	Granted	100%	0%	0%	Granted
E38/3161	WA	Granted	100%	0%	0%	Granted
E52/3276	WA	Granted	100%	0%	0%	Granted
E52/3316	WA	Granted	100%	0%	0%	Granted
E69/2820	WA	Granted	20%	0%	0%	Joint Venture with Alloy Resources Limited
E69/3401	WA	Application	100%	0%	0%	Application
E70/4894	WA	Granted	100%	0%	0%	Application
E80/4953	WA	Application	100%	0%	0%	Application
E80/5109	WA	Application	100%	0%	0%	Application
L04/98	WA	Application	100%	100%	0%	Application
L04/99	WA	Application	100%	100%	0%	Application
L04/100	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	Granted	100%	0%	0%	POZ 100%
EL31345	NT	HP West	Withdrawn	0%	0%	100%	Withdrawn
EL31415	NT	HP West	Withdrawn	0%	0%	100%	Withdrawn