ASX / MEDIA ANNOUNCEMENT **12 November 2019**

SIGNIFICANT EXPLORATION POTENTIAL CONFIRMED AT CUMMINS RANGE WITH 9KM OF STRIKE LENGTH IDENTIFIED

HIGHLIGHTS

- **Detailed study identifies at least 9km of strike length potential**
- **Existing Inferred Resource of 13Mt @ 1.13% TREO covers only circa 1km of strike length**
- **3 new highly prospective areas identified for potential new discoveries**
  - **Northeast Channel Prospect – 1.8km geophysical area**
  - **Southwest Boundary Prospect – 1.8km geophysical area**
  - **Southwest Hook Prospect – 0.9km geophysical area**
- **Existing Resource open in multiple directions**
  - **Central Channel Deposit – open at least 350m to the east along strike and at depth**
  - **Northern Channel Deposit – open to the west and at least 1.2km to the east along strike and at depth**
- **Passive seismic survey to commence this month ahead of expanded diamond and RC drilling program**

Australian rare earths developer, Sagon Resources Limited (ASX:SG1) ("**Sagon**" or "**the Company**") is pleased to update the market on its exploration activities at the Cummins Range Rare Earths Project located in Western Australia.

Detailed Study Complete

Sagon has now received highly encouraging results of an external study completed by consultants Resource Potentials Pty Ltd and Terrain Exploration Pty Ltd which included a detailed geological interpretation, reprocessed airborne magnetic imagery and the generation of a maximum TREO+Y% database. The results have identified at least 9km of strike of highly prospective trends for the discovery of further resources at Cummins Range. Only 1km of strike of the prospective trends have been effectively tested previously by RC drilling in the existing Resource. The majority of drilling beyond the resource is shallow aircore and has not effectively tested the base of weathered channels where the best mineralisation often tends to occur.

A cross sectional geological interpretation of the drill data was completed across the Cummins Range deposit. In addition, the drilling assay database, which includes the shallow AC holes, was overlain on the available maps and geophysical images.

An important observation during the review is the identification of highly mineralised channels in close association with prominent linear zones of lower magnetic intensity (Figure 1 & 2). These magnetic low trends are interpreted to represent less magnetic sheared and altered carbonatite intrusive dikes in contrast to the highly magnetic pyroxenite.

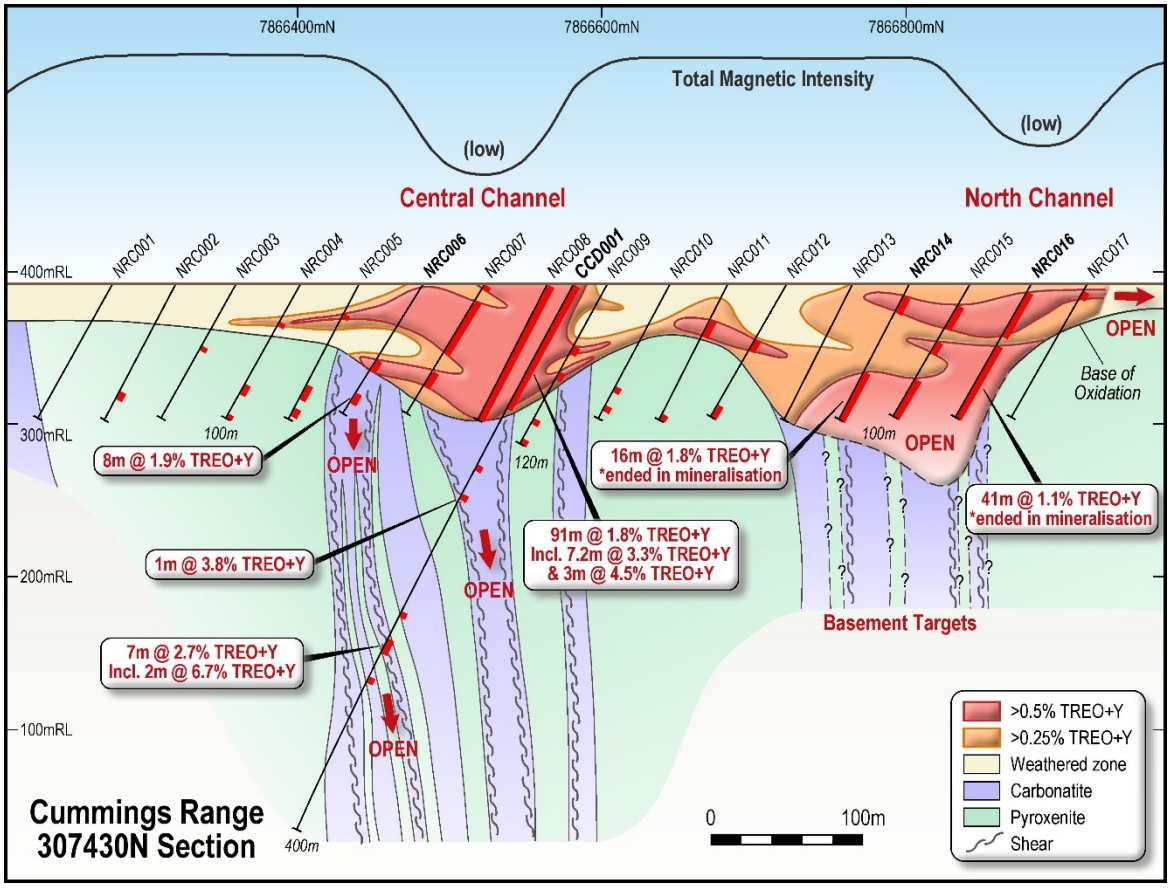

***Figure 1**: Interpreted cross section across the central portion of the Cummins Range deposit showing the relationship between the bedrock geology, Total Rare Earth Oxides ("**TREO**") mineralisation distribution within deeper weather channels and total magnetic intensity response.*

Deeper weathering into sub-vertical structures may also help to enhance the magnetite destruction associated with the highly mineralised channels.

Resource Expansion Potential Identified

At Cummins Range Rare Earths Project most of the existing Resource is closely associated with the *Central Channel Deposit* (Figures 1 & 2). The *Central Channel Deposit* is clearly defined in the airborne magnetics that trends northwest and is open to the east for 350m (Figure 2). RC drilling located 280 m to the east of the resource indicates highly anomalous TREO+Y up to **1m at 1.3% TREO+Y** from 16m in KRC157 which indicates potential for further resources along strike and at depth to the east (Figure 2).

In addition, the *North Channel Deposit* has been recognised associated with significant resources of TREO and is also likely associated with another sub-vertical stacked zone of sheared carbonatite intrusions within the basement (Figure 1). A distinct linear magnetic low that trends east-west is clearly defined in the magnetic image which extends the entire 2km width of the carbonatite intrusive complex (Figure 2). The existing Resource is open to the west and at least 1.2km to the east where drilling 400m to the east returned assays up **1m at to 2.0% TREO+Y** from 27m in KRC138.

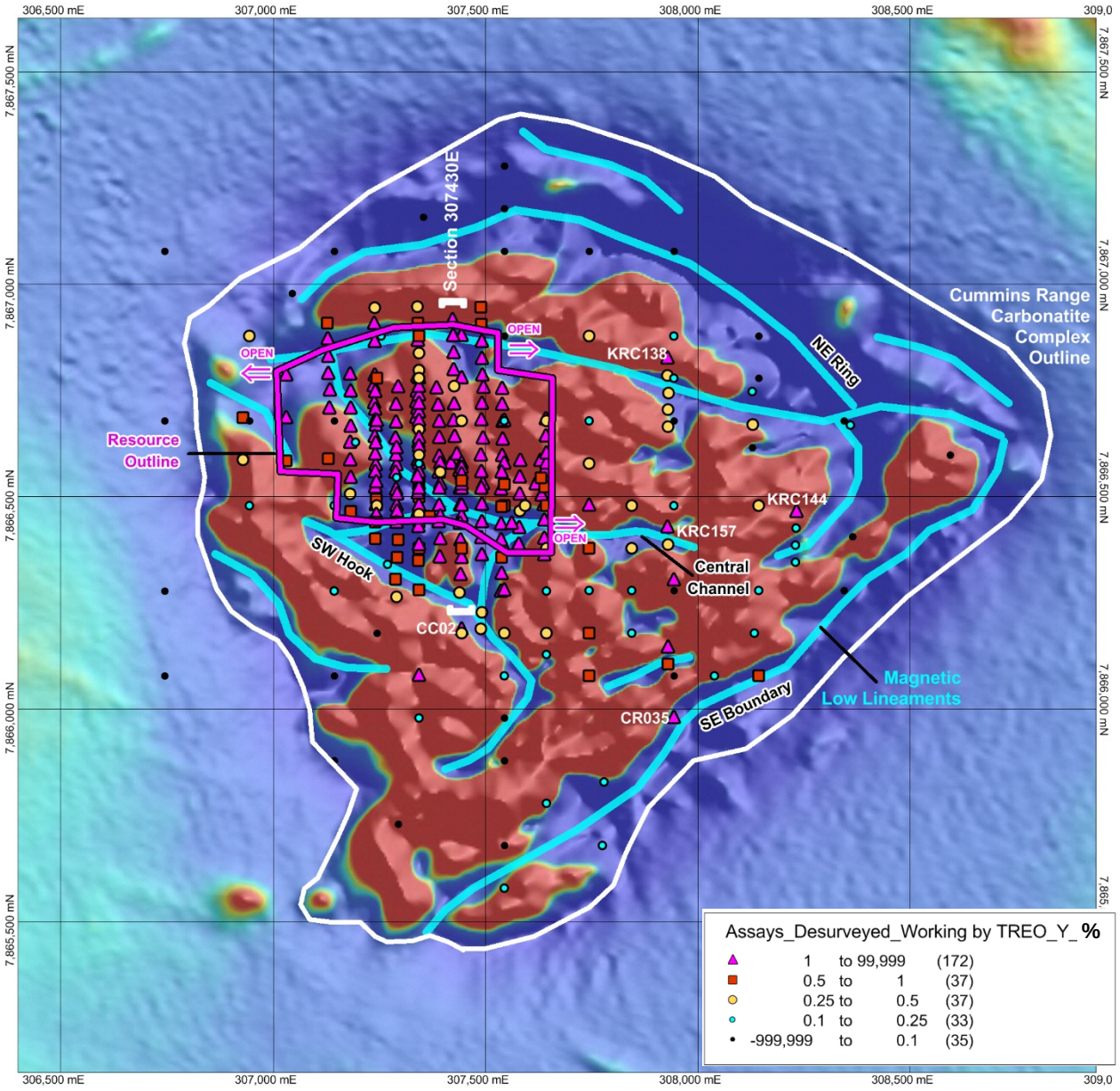

***Figure 2**: Airborne magnetic image (TMI 1VD PSC) over the Cummins Range Carbonatite Intrusive Complex showing prominent magnetic low lineaments (blue lines) and maximum TREO+Y% assay from drilling.*

New Deposit Potential

There are many other linear magnetic low trends within the carbonatite intrusive complex that indicate further exploration upside:

1. *Northeast Ring Prospect*: A 1.8km arcuate semi-circular magnetic low on the northeast edge of the carbonatite complex indicates the possibility of a large carbonatite ring dyke structure (Figure 2). Deeper drilling to basement has not been conducted on the structure besides one hole just south of the intersection with the *North Channel* where an intersection of **2m at 2.6% TREO+Y** from 25m was intersected in KRC144.

2. *Southeast Boundary Prospect*: A 1.8km long linear magnetic low that trends northeast occurs along the southeast edge of the complex. Again, deeper drilling has not been conducted to basement along the length of trend besides very shallow drilling with highly anomalous results up to **1m at 1.2% TREO+Y** from 19m at the end of hole in weathered rock in CR035 (Figure 2).

3. *Southwest Hook Prospect*: A 0.9km long arcuate hook shaped magnetic low occurs immediately to the south of the existing resource (Figure 2). At least three shallow aircore drillholes intersected assays over 0.5% TREO+Y and up to **2m at 0.9% TREO+Y** from 7m in CC02 (Figure 2). In addition, drillhole NRC001 intersected carbonatite at the end of hole north of the magnetic low which indicates the presence of prospective carbonatite dyke structures in the area (Figure 1).

Exploration Program

The recent study has highlighted at least 9km strike of highly prospective trends for the discovery of further resources. Only 1km strike of the prospective trends have been effectively tested previously by RC drilling in the existing Resource. The majority of drilling beyond the resource is shallow aircore and has not effectively tested the base of weathered channels where the best mineralisation often tends to occur. However, the shallow drilling has effectively identified areas of highly anomalous TREO along the identified magnetic low trends that will assist in drill target prioritisation. Given these highly encouraging results, Sagon is now planning a much larger drill program than initially contemplated. The size of the carbonatite complex and the relationship between magnetic lows and the TREO resources at Mount Weld is remarkably similar at Cummins Range. Given the significant size and grade of the Mt Weld TREO resource (55.4Mt at 5.4% TREO[1]) the potential for further resources and even higher grades is an exciting prospect at Cummins Range. Bonanza previous intersections at Cummins Range such as **22m at 5.7% TREO+Y** including **6m at 10.8% TREO+Y** in KRC112 (see announcement dated 15 October 2019) certainly indicate the deposit has excellent potential for grades similar to Mt Weld. Following these highly encouraging results,

Sagon will commence a passive seismic survey at Cummins Range this month in order to identify high priority drill targets ahead of the now expanded diamond and RC drilling program next quarter.

For further information, please contact:

Jeremy Robinson

Executive Director

[1] Lynas 2019 Annual Report

Significant Intersections Table

Hole ID	East	North	RL	Depth	Azimuth	Dip	From	To	Width	TREO_Y %	Date Drilled
CCD001	307563	7866441	392	35	180	-60	0.0	91.3	91.3	1.84	2/09/1984
							17.0	38.0	21.0	2.96	
							54.1	57.1	3.0	4.56	
							100.0	101.0	1.0	2.45	
							156.0	157.0	1.0	3.82	
							243.6	244.4	0.8	2.96	
							264.0	271.0	7.0	2.72	
							292.0	293.0	1.0	1.60	
CR035	307944	7865983	391	20	0	-90	19.0	20.0	1.0	1.20	1/10/1982
CC02	307444	78661912	391	30	0	-90	7.0	9.0	2.0	0.93	23/09/1983

Competent Person's Statement

Information in this release that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared and compiled by Mr Leo Horn, an experienced geologist consulting for Sagon Resources Limited. Mr Horn is a Member of the Australian Institute of Geoscientist sand has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Horn consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

Appendix 1

Cummins Range Section 1 Sampling Techniques and Data		
Criteria	**JORC Code Explanation**	
Sampling techniques	*Nature and quality of sampling (eg 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.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg '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 (eg submarine nodules) may warrant disclosure of detailed information.*	RC and AC Drilling: Samples were collected on 1m intervals after going through a cyclone and riffle splitter.. Diamond Drilling: Sample intervals vary between 0.2 and 3 m in length to match geological logging. Core samples are split lengthwise into half core samples. All samples are considered representative with no inherent sampling issues or bias
Drilling Techniques	*Drill type (eg core, reverse circulation, open- hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).*	RC drilling was completed over two campaigns, Navigator Resources drilled 93 angled holes to an average depth of 100m in 2007. A face sampling bit was used and holes were 133mm diameter. Additional holes were drilled in 2011 by Kimberley Rare Earth (KRE). A total of 314 RC holes have been used in the resource estimation. AC drilling was completed by CRA between 1982 and 1983 where a total of 94 shallow holes were completed. Diamond holes were completed in 1984 by CRA where 2 deep holes were completed.
Drill Sample Recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	All RC and AC samples were collected as both 4m composites for initial assaying and 1m samples for follow up assaying of anomalous zones. Dry 4m composites were spear sampled using a PVC tube and wet 4m

	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.	composites were samples with an aluminium scoop. The 1m samples were collected via a 1:9 riffle splitter. Most holes had good sample recovery although a limited number of holes encountered high ground water inflow and karst type weathering in void formations at depth exceeding 40m. Difficult drilling conditions including binding clays, voids and water flow in several holes curtailed a component of the planned drilling resulting in a reduced program over the central resource area. Such ground conditions are characteristic of the most strongly mineralized zones of the Cummins Range rare earth resource. Diamond drilling: Core loss was logged diligently by CRA during the diamond drill process. 100% drill recovery was returned from surface down to 48-50 m in the mineralized zone however recoveries vary between 49% and 93% in the lower part of the weathered mineralized zone due to water injected during the diamond drilling process. Core recovery is 100% into fresh rock below 103 m.
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.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	Logging of all RC and AC holes was carried out on 1m intervals using both quantitative and qualitative descriptions. The recorded details included; lithology, grainsize, weathering, colour, alteration, sulphide quantity and type, structure and veining.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *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.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	Each RC sample is being assayed for the full suite of rare earths plus uranium, thorium, phosphorus, scandium, niobium, tantalum and a range of gangue elements to assist metallurgical characterisation, utilising sodium peroxide fusion Ni crucible/ICP-MS techniques. Routine assaying of 14 lanthanides as well as Y, Th, U, Al, Si, P, Mg, Fe, Ca, Ga, Hf, Nb, S, Sc, Ta, Ti and Zr has been undertaken by Genalysis/Intertek Laboratories in Perth using sodium peroxide fusion, nickel crucible/ICP-MS techniques. Diamond samples were digested via Alkalie fusion in a porcelain crucible with acid leach, then total acid digest then aqua regia. Analysis technique was ICP for all element except fluorimetry for U and AAS for Au. Routine assaying for 14 lanthanides plus Y, Sc, Ba, Be, Nb, P, Co, Cr, Cu, Ni, Fe, Mn, Mo, Ta, Ti, Th, U, V, Zr, Ag and Au was condicted by Pilbara Laboratories in Balcatta, WA. Aircore samples were assayed by the same methods as for diamond samples however a smaller suite of metals was completed: La, Ce, Nd, Sm, Eu, Ba, Nb, P, Sc.
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* *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.*	The Navigator drilling was assayed by Genalysis in Perth. The 4 meter composite samples underwent a 4 acid digest followed by ICP-OES (inductively coupled plasma mass spectrometry) analysis. The 1m split samples underwent a peroxide fusion digest followed by ICP-OES and ICP-MS analysis. All samples were assayed for a large suite of elements

	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	including rare earth elements. QAQC testing was limited to intra-laboratory testing. KRE assayed their samples at Genalysis/Intertek in Perth. Samples were assayed for 14 lanthanides as well as Y, Th, U, Al, Si, P, Mg, Fe, Ca, Ga, Hf, Nb, S, Sc, Ta, Ti and Zr using sodium peroxide fusion, nickel crucible/ICP-MS techniques. Assay techniques described above for AC and diamond core samples is considered good quality for reporting of exploration results. These results have not been used in the resource estimation. TREOY is defined as the total oxides of the 14 rare earth elements; Lanthanum (La), Cerium (Ce), Praseodymium (Pr), Neodymium (Nd), Samarium (Sm), Europium (Eu), Gadolinium (Gd), Terbium (Tb), Dysprosium (Dy), Holmium (Ho), Erbium (Er), Thulium (Tm), Ytterbium (Yb), Lutetium (Lu) but excluding Promethium (Pm); plus Yttrium (Y). NB: In some cases less than 14 lanthanides are analysed (e.g. AC drilling) which make up the total TREOY%.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *The verification of significant intersections by either independent or alternative company personnel.* *Discuss any adjustment to assay data.*	The geological database used for the Resource Estimates consists of 314 assayed inclined RC holes representing 13986 assayed metres. The drill hole spacing is essentially 40x50 metres over most of the deposit. All sampling was conducted using standard 1 metre riffle splits from the RC drill cyclone.. Significant assay intersections have been verified by the Competent Person. No holes have been twinned however diamond hole CDD001 was drilled in close proximity to NRC008 (within 27 m) and the overall thickness and grade are highly comparable. Similar results between the two holes indicates good grade continuity.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	All drillhole collar locations have been surveyed using a differential GPS with accuracy to <1m.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *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.* *Whether sample compositing has been applied.*	All RC drilling has been conducted on a nominal 40m X 50m spacing over the deposit. This spacing is considered appropriate for Mineral Resource estimation. Initial sampling was on 4m intervals but subsequent 1m samples have been collected and used for resource estimation. Reconnaissance AC drilling was conducted at wide spacing between 400 m and 100 m which is sufficient spacing to establish anomalous zones at shallow depth for the purpose of exploration results only. Only 2 diamond holes were conducted in specific target areas within the deposit to assess the fresh rock geology and mineralization. Diamond drilling is not used in the resource.
Orientation of data in relation to	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	. The orientation of mineralisation in the weathered zone is considered to be flat lying so the drill orientation is considered to be satisfactory for resource purposes.

geological structure	*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.*	The orientation of drilling is not considered to be biased towards any geological characteristics in the weathered zone. Mineralisation in the fresh basement rocks may have a more vertical orientation however this will need to be verified using oriented diamond core.
Sample security	*The measures taken to ensure sample security*	Samples were transported to Perth from site. Security of samples is not known.

Cummins Range Section 2 Reporting of Exploration Results

Criteria	***JORC Code Explanation***	
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.* *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 Cummins Range REO deposit is located on tenement E80/5092 and is 100% owned by RareX Pty Ltd which is a wholly owned subsidiary of Sagon Resources Ltd RareX has purchased the tenement from Element 25 with a potential capped royalty payment of $1m should a positive PFS study be completed within 36 months of purchase finalisation.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	CRA Exploration defined REO mineralisation at Cummins Range in 1978 using predominantly aircore drilling. Navigator Resources progressed this discovery with additional drilling after purchasing the tenement in 2006. Navigator announced a resource estimate in 2008. KRE drilled additional holes and upgraded the resource estimate in 2012.
Geology	*Deposit type, geological setting and style of mineralisation.*	The Cummins Range REO deposit occurs within the Cummins Range carbonatite complex which is a 1.5 km diameter near-vertical diatreme pipe that has been deeply weathered but essentially outcropping with only thin aeolian sand cover in places. The mineralisation has been defined using a combination of grade and various regolith units defined by detailed geological logging of all holes. The current resource sits primarily within the oxidised/weathered zone.
Drill hole information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *easting and northing of the drill hole collar* *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *dip and azimuth of the hole* *down hole length and interception depth* *hole length.*	Drill hole information is presented in tabular form in the body of the announcement.

	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* *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.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Exploration AC, RC and diamond assay results have been reported using a cut-off of 0.5% TREOY with a maximum of 2m internal dilution. All assays reported are based on 1m intervals and have been averaged with no top cuts applied.
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 drill hole 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 (eg 'down hole length, true width not known').*	Mineralisation is flat lying and holes are angled at -60 degrees so mineralisation widths and sample intervals are closely correlated
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 drill hole collar locations and appropriate sectional views.*	Maps and diagrams are included in the body of the announcement
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.*	Representative reporting of assays results is balanced. All holes have assays reported where grades of above 0.5% TREOY where encountered
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 – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Historic airborne magnetic data has been recently reprocessed by Resource Potentials geophysics consultants based in Perth, WA to produce a series of enhanced images with the specific aim to better define the different geological phases of Cummins Range carbonatite intrusive complex. This work was completed on the 30th September 2019 where a total of 54 images were completed and submitted. The TMI (Total Magnetic Intensity) 1VD (1st Vertical Derivative) PSC (Psuedo-Colour) magnetic image with a northeast sun angle shading is used in this announcement to illustrate the different geological phases identified in the drilling.
Further work	*The nature and scale of planned further work (eg tests for lateral 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.*	The resource is open along strike as reported in this announcement and a significant exploration drilling campaign has beenplanned.