

## CUMMINS RANGE RARE EARTHS PROJECT UPDATE

### HIGHLIGHTS

- Due diligence completed and ASX confirmation received
- Access to site confirmed
- Maiden drill program planning underway
- Significant exploration upside identified
- US and China trade tensions continue to escalate highlighting importance of rare earths

### Due Diligence on RareX Completed and ASX Confirmation Received

Sagon Resources Ltd (formerly 'Clancy Exploration Ltd') (ASX:CLY) ("the Company") is pleased to advise that it has successfully completed due diligence in relation to RareX Pty Ltd ("RareX") and the Cummins Range Rare Earths Project ("Cummins Range" or "the Project"). The Company is also pleased to advise that it has received confirmation from ASX that listing rules 11.1.1, 11.1.2 and 11.1.3 do not apply to the Company's proposed acquisition of RareX.

### Cummins Range Site Visit Completed

Cummins Range is located approximately 130km south west of Halls Creek township and airstrip in Western Australia and is 120km from the Great Northern Highway which runs from Port Hedland to Wyndham. There are several mining operations in the area including Northern Minerals' Browns Range Project. A recently completed site visit to Cummins Range confirmed access to site.

### Maiden Drill Program

Compilation of historical technical data suggests that the known mineralisation remains open at depth and along strike with initial indications that historical exploration beyond the existing known mineralisation has been limited opening the possibility for new discoveries across the 2.5km by 2.5km diatreme complex much like what occurs at Lynas Corporation's world-class Mt Weld diatreme complex which is also located in Western Australia. Stage 1 of the maiden drill program is planned to commence in the coming months subject to permitting including diameter PQ drill core to provide samples for metallurgical test work and to assess the grade of the mineralisation.

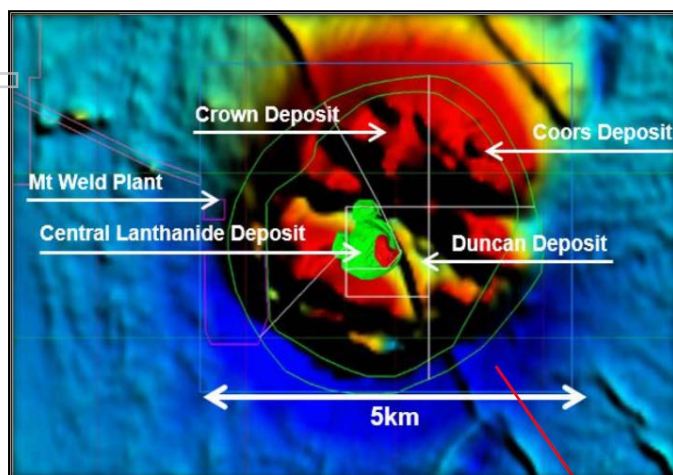


Figure 1 - Mt Weld Diatreme Complex, Western Australia  
(Source: Lynas ASX Announcement 21 May 2019)

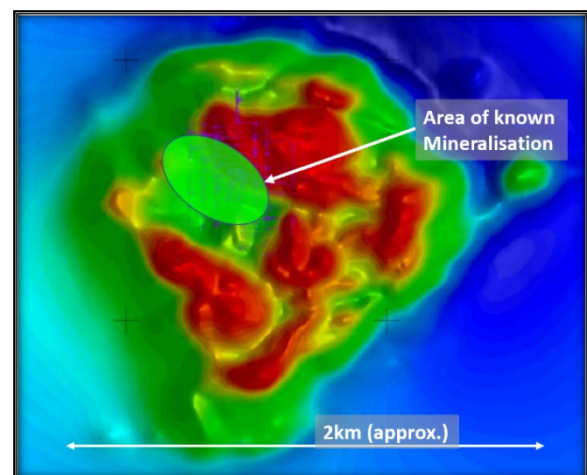


Figure 2 - Cummins Range Diatreme Complex, Western Australia

### **Rare Earths Market Update**

China continues to dominate the global rare earths supply chain producing circa 80% of the world's rare earth production whilst hosting the majority of the world's rare earth refining and rare earth magnet fabrication facilities. China supplied circa 80% of all rare earths imported by the United States from 2014 to 2017. Rare earths are integral to the manufacture of electric vehicles, wind turbines and military hardware.

On 20 May 2019 Chinese President Xi visited JL MAG Rare-Earth Co, a Chinese rare earth magnet manufacturer, raising concerns that China may use its dominance of rare earths in the trade war with the US. President Xi was accompanied by Vice Premier Liu He, one of his most trusted advisers and China's top trade negotiator.

On 2 August 2019 trade tensions escalated further with President Trump announcing the imposition of an additional US\$300 billion in tariffs on Chinese imports.

On 7 August 2019 Bloomberg reported that US Geological Survey scientists undertook a site visit of the Browns Range Project (JORC 2012 Mineral Resource of 8.98Mt at 0.63% total rare earth oxides (TREO)) owned by ASX-listed Northern Minerals Limited (ASX: NTU). Browns Range and Cummins Range are both located in the East Kimberley region of Western Australia.

On 8 August 2019 Shanghai Metals Market reported that China's rare earths association will resolutely support the actions taken by the Chinese government to counter US tariffs.

### **Completion of Acquisition of RareX**

The Company plans to despatch a notice of general meeting shortly to obtain the necessary shareholder approvals to complete the acquisition of RareX.

### **COMPETENT PERSONS STATEMENT**

Information in this release that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr Joe Treacy, a Member of the Australasian Institution of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Treacy is a consultant RareX Pty Ltd and shareholder. Mr Treacy 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 Treacy 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 – JORC TABLE 1**

**Section 1 Sampling Techniques and Data**

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code Explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>• <i>Nature and quality of sampling (e.g. 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.</i></li> <li>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li>• <i>In cases where ‘industry standard’ work has been done this would be relatively simple (e.g. ‘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 (e.g. submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No sampling being reported.</li> </ul>
Drilling Techniques	<ul style="list-style-type: none"> <li>• <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).</i></li> </ul>	<ul style="list-style-type: none"> <li>• No drilling being reported.</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No drilling being reported.</li> </ul>

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Criteria	JORC Code Explanation	Commentary
Logging	<ul style="list-style-type: none"> <li>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.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>No logging being reported.</li> </ul>
Subsampling techniques and sample preparation	<ul style="list-style-type: none"> <li>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.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>No sub-sampling being reported.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>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.</li> <li>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</li> </ul>	<p><b>General Aircraft Equipment</b></p> <ul style="list-style-type: none"> <li>Aeroquest Airborne proprietary flight planning and survey navigation system.</li> <li>Aeroquest Airborne proprietary high speed digital data acquisition system.</li> <li>Novatel, 12 channel precision navigation GPS.</li> <li>OMNISTAR real time differential GPS system.</li> <li>Aeroquest Airborne LCD pilot navigation display and external track guidance display.</li> <li>Aeroquest Airborne post mission data verification and processing system.</li> <li>Bendix/King KRA-405 radar altimeter.</li> </ul> <p><b>Magnetic Data Acquisition Equipment</b></p> <ul style="list-style-type: none"> <li>Aeroquest Airborne tail stinger magnetometer installation.</li> <li>Cesium Vapour total field magnetometer.</li> <li>Fluxgate three component vector magnetometer.</li> <li>RMS Aeromagnetic Automatic Digital Compensator (AADC II).</li> <li>Diurnal monitoring magnetometer (Scintrex Envimag or Geometrics GR-856).</li> </ul>

Criteria	JORC Code Explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>No drilling being reported.</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>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.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>Grid system GDA94 Zone 50.</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>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.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>Detailed Airborne Magnetic, Radiometric and Digital terrain survey</li> <li>Line spacing 20m.</li> <li>Line direction 000-180</li> <li>Tie Line Spacing 2000m</li> <li>Tie Line direction 90-270</li> <li>Sensor Height 20m</li> <li>Total line kilometres 2,824km</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The orientation of sampling is considered unbiased</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>No samples being reported.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>No samples being reported.</li> </ul>

**Section 2 Reporting of Exploration Results**  
(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• E80/5092 was granted to Element 25 on the 12<sup>th</sup> February 2012 for an initial term of 5 years. RareX Pty Ltd acquired a 90 day option to acquire a 100% interest in the tenement on 5<sup>th</sup> July 2019</li> <li>• The native title interests are represented by the KLC on behalf of the Jaru People of the East Kimberly</li> </ul>
Exploration done by other parties	<ul style="list-style-type: none"> <li>• <i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>• A large amount of historic data is available to RareX Pty Ltd and appraisal of data is continuing.</li> </ul>
Geology	<ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The Cummins Range Project is a diatreme complex with Rare Earth mineralisation primarily being hosted in weathered carbonatite</li> </ul>
Drill hole Information	<ul style="list-style-type: none"> <li>• <i>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:</i></li> <li>• <i>easting and northing of the drill hole collar</i></li> <li>• <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li>• <i>dip and azimuth of the hole o down hole length and interception depth</i></li> <li>• <i>hole length.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No drilling being reported.</li> </ul>

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